

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of:)

)

Regular Meeting)

)

CALIFORNIA EXPOSITION AND STATE FAIR GRANDSTAND

1600 EXPOSITION BOULEVARD

SACRAMENTO, CALIFORNIA

THURSDAY, MARCH 21, 2024

9:30 A.M.

Reported by:

Elise Hicks

APPEARANCES

BOARD MEMBERS

Gregory Ferraro, Chair

Oscar Gonzales, Vice Chair

Damascus Castellanos, Commissioner

Dennis Alfieri, Commissioner

Brenda Washington Davis, Commissioner

Wendy Mitchell, Commissioner

Thomas Hudnut, Commissioner

STAFF

Scott Chaney, Executive Director

Jeff Blea, Equine Medical Director

ALSO PRESENT

Rick Baedeker, So Cal Off-Track Wagering

Joy Harn, General Counsel, Commerce Casino

Josh Rubinstein, Del Mar Thoroughbred Club

Eric Sindler, Pacific Racing Association, Pacific Racing Association II, Los Angeles Turf Club II, and Golden Gate Fields

Jerome Hoban, Alameda County Fair, and California Authority of Racing Fairs

Larry Swartzlander, California Authority Of Racing Fairs

Theresa Dunham, Kahn, Soares & Conway, LLP

Craig Fravel, 1st Racing

Bill Nader, Thoroughbred Owners of California

Gary Fenton, Thoroughbred Owners of California

APPEARANCES

ALSO PRESENT (cont.)

Stephanie Hronis, Thoroughbred Owners California

Alan Balch, California Thoroughbred Trainers

Justin Oldfield, California Thoroughbred Breeders
Association

PUBLIC COMMENT

Don Smith

George Schmitt

Rozamund Barclay

Morgan Fussell, Hoof Pick Racing Partners

Evelyn Call, Arabian Racing Association

Lindsay Laroche

Meggie Ghidella Duran

Darrell Haire, Jockeys' Guild

William Antongeorgi

Irving Orozco

Jamey Thomas

Mark Haynes

Jim Carroll

Chelsea Leggin

Linda Lonnberg

Sarah Jennings

Danielle Griffin

John Tipton

APPEARANCES

PUBLIC COMMENT (cont.)

Francis O'Leary

Howie Ruben

Isidro Tamayo

INDEX

| | <u>PAGE</u> |
|---|-------------|
| <u>Action Item:</u> | |
| 1. Approval of the minutes of January 18, 2024 | 11 |
| 2. Discussion and action by the Board on the Renewal Application for License to Operate a Minisatellite Wagering Facility from the Commerce Casino in Commerce, California, for a period of up to five years. | 12 |
| 3. Discussion and action by the Board on the Renewal Application for License to Operate a Minisatellite Wagering Facility from the Firehouse Bar and Restaurant in Bakersfield, California, for a period of up to five years. | 14 |
| 4. Discussion and action by the Board regarding the distribution of Race Day Charity proceeds of Del Mar Thoroughbred Club, combined 2023 Summer and Fall Race Meetings. | 15 |
| 5. Discussion and action by the Board regarding the distribution of Race Day Charity proceeds of Pacific Racing Association II and Pacific Racing Association, combined 2023 Summer and Fall Race Meetings. | 16 |

INDEX

| | <u>PAGE</u> |
|---|-------------|
| <u>Action Item:</u> | |
| 6. Discussion and action by the Board regarding the distribution of Race Day Charity proceeds of the Los Angeles Turf Club II, incorporated DBA as Santa Anita Park 2023 Fall Race Meeting. | 18 |
| 7. Discussion and action by the Board regarding the Allocation of Northern California Racing Dates for racing year 2024. | 19 |
| 8. Reports | 23 |
| A. Executive Director's Report | |
| B. Equine Medical Director's Report | |
| 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. | 125 |
| 10. Closed Session: For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative | 166 |

INDEX

PAGEClosed Session:

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).
- 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

INDEX

PAGE

Action Item:

for the purposes of considering personnel
matters as authorized by Government Code
section 11126(a)

11. Adjournment

167

P R O C E E D I N G S

9:36 A.M.

THURSDAY, MARCH 21, 2024

CHAIR FERRARO: Ladies and gentlemen, this meeting of the California Horse Racing Board will please come to order. Please take your seats. This is the regular noticed meeting of the California Horse Racing Board on Thursday, March 21st, 2024 at the California Exposition and State Fair Grandstand in Sacramento, California.

Present at today's meeting and: myself, Dr. Gregory Ferraro, Chair; also Oscar Gonzales, Vice Chair; Dennis Alfieri, Commissioner; Wendy Mitchell, Commissioner; Damascus Castellanos, Commissioner; Brenda Washington Davis, Commissioner; Thomas Hudnut, Commissioner; and Scott Chaney, Executive Director.

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

The Board invites public comment on matters appearing on the meeting agenda. Procedurally, the Board will first hear from those directly involved in the agenda item. I will then invite the public comment on the agenda item. The Board will not answer questions. This item is for comments not questions.

Unsolicited speakers are limited to two minutes

each. During all public comments a tone will sound to indicate the speaker's time is up. The Board may ask questions of individuals who speak, which may extend their two minute time limit.

There are public comment sheets, sign-in sheets, located over here to my right at the designated table for each agenda item on which the Board invites comments. There's also a sign-up sheet for those wishing to speak during the public comment period for matters not on the Board's agenda today if it concerns horse racing in California. Please print your name legibly on all sign-in sheets.

For agenda item number seven, we're going to make a little bit of a difference here. Instead of a sign-up sheet, I will announce the period for your comments for item number seven and ask that you form an orderly line at the beginning of the podium to speak at that time. I'll try to get everybody who wants to speak a chance to speak. When you come to the podium, there will be a sign-up sheet there. Please write your name down there so we have a record of it.

When a matter is open for public comment and you come to the podium, introduce yourself by stating your name and organization. This is necessary for the court reporter to have a clear record of all who speak.

When your two minutes are up, I'll ask you to

return to your seat so that others can be heard. I will insist that all speakers stay strictly on the topic for each agenda item. If a speaker just stays off topic, I will ask to move to the next speaker. If a speaker repeats themselves, I will ask if the speaker has any new comments to make. If there are none, the speaker will be asked to let others make comments to the Board.

Looking around and realizing how many people are in here and how many people may want to speak, I ask you to be efficient in your comments and not repeat what the person in front of you has just said.

If anyone has comments of a more general nature that are not specific to earlier agenda items, those comments must wait until agenda item number nine, public comment period. There will be a 30-minute time limit for public comment. In order to allow as many individuals to speak as possible within that half hour, I will strictly enforce the two minute time limit for each unsolicited speaker.

And with that, we will begin the meeting by asking for approval of the minutes. All the Commissioners were here except for Commissioner Hudnut.

Can I have a motion to approve?

COMMISSIONER ALFIERI: So move.

CHAIR FERRARO: Second?

COMMISSIONER HUDNUT: Second.

CHAIR FERRARO: Commissioner Davis?

COMMISSIONER DAVIS: Yes.

CHAIR FERRARO: Commissioner Mitchell?

COMMISSIONER MITCHELL: Yes.

CHAIR FERRARO: Commissioner Gonzales?

VICE CHAIR GONZALES: Yes.

CHAIR FERRARO: Commissioner Castellano?

COMMISSIONER CASTELLANOS: Yes.

CHAIR FERRARO: Commissioner Alfieri?

COMMISSIONER ALFIERI: Yes.

CHAIR FERRARO: Commissioner Hudnut?

COMMISSIONER HUDNUT: Yes.

CHAIR FERRARO: Moving on to item number two, discussion and action by the Board on the Renewal Application for License to Operate a Minisatellite Wagering Facility from the Commerce Casino in Commerce, California, for a period of up to five years.

This is a renewal of our previous five-year contract; is that correct, Mr. Chaney?

EXECUTIVE DIRECTOR CHANEY: It is.

CHAIR FERRARO: Go ahead.

MR. BAEDEKER: Good morning, Mr. Chairman and Commissioners. My name is Rick Bedecker from Southern California Off-Track Wagering. I'm joined by Ms. Joy Harn,

General Counsel for Commerce Casino.

Commerce Casino was the first mini-satellite to open in 2009, so we're pleased to say they've been open for 15 years and are applying for another five-year license today. Ms. Harn will be happy to answer any questions you might have.

CHAIR FERRARO: Any questions from the Board? I don't think we have any.

Do we have public comments on this item? No?

Can we have a motion to approve?

VICE CHAIR GONZALES: Yes, I'll move. Gonzales moves.

COMMISSIONER CASTELLANOS: Castellanos seconds.

CHAIR FERRARO: Commissioner Davis?

COMMISSIONER DAVIS: Yes.

CHAIR FERRARO: Commissioner Mitchell?

COMMISSIONER MITCHELL: Yes.

CHAIR FERRARO: Commissioner Gonzales?

VICE CHAIR GONZALES: Yes.

CHAIR FERRARO: Commissioner Castellanos?

COMMISSIONER CASTELLANOS: Yes.

CHAIR FERRARO: Commissioner Alfieri?

COMMISSIONER ALFIERI: Yes.

CHAIR FERRARO: Commissioner Hudnut?

COMMISSIONER HUDNUT: Yes.

CHAIR FERRARO: Chairman votes yes.

Item number three -- thank you very much.

Item number three, discussion and action by the Board on the Renewal Application for License to Operate a Minisatellite Wagering Facility from the Firehouse Bar and Restaurant in Bakersfield, California, for a period of up to five years.

Again, this is a renewal, Mr. Chaney; is that correct?

EXECUTIVE DIRECTOR CHANEY: Yes, Mr. Chairman.

CHAIR FERRARO: Go ahead.

MR. BAEDEKER: Once again, Rick Bedecker for Southern California Off-Track Wagering, and I'm joined by Cynthia Wolfe, co-owner of the Firehouse Restaurant. Firehouse has been in operation as a mini for ten years and is seeking a five-year license renewal.

CHAIR FERRARO: Any questions from the Board?

COMMISSIONER HUDNUT: I move approval.

CHAIR FERRARO: Any public comment on this? No. Okay.

Commissioner Davis?

COMMISSIONER DAVIS: Yes.

CHAIR FERRARO: Commissioner Mitchell?

COMMISSIONER MITCHELL: Yes.

CHAIR FERRARO: Commissioner Gonzales?

VICE CHAIR GONZALES: Yes.

CHAIR FERRARO: Commissioner Castellanos?

COMMISSIONER CASTELLANOS: Yes.

CHAIR FERRARO: Commissioner Alfieri?

COMMISSIONER ALFIERI: Yes.

CHAIR FERRARO: Commissioner Hudnut?

COMMISSIONER HUDNUT: Yes.

CHAIR FERRARO: The Chairman votes yes.

Congratulations.

MR. BAEDEKER: Thank you.

CHAIR FERRARO: Keep going. You're doing well.

Discussion and action by the Board regarding the distribution of Race Day Charity proceeds of Del Mar Thoroughbred Club, combined 2023 Summer and Fall Race Meetings.

Josh?

MR. RUBINSTEIN: Good morning, CHRB Commissioners. (Microphone feedback.) Good morning, CHRB Commissioners and staff. Josh Rubinstein with the Del Mar Thoroughbred Club.

Del Mar has requested 2023 Charity Days distributions are in your Board package. \$94,223 in Charity Days funding was generated from our 2023 summer and fall race meets. DMTC will supplement this amount with an additional \$71,107, taking our total Charity Days distributions to \$165,340.

CHAIR FERRARO: Questions from the Board?

Public comment?

Can I have a motion?

COMMISSIONER DAVIS: Davis moves.

COMMISSIONER CASTELLANOS: Castellanos seconds.

CHAIR FERRARO: Commissioner Hudnut?

COMMISSIONER HUDNUT: Yes.

CHAIR FERRARO: Commissioner Alfieri?

COMMISSIONER ALFIERI: Yes.

CHAIR FERRARO: Commissioner Castellanos?

COMMISSIONER CASTELLANOS: Yes.

CHAIR FERRARO: Commissioner Gonzales?

VICE CHAIR GONZALES: Yes.

CHAIR FERRARO: Commissioner Mitchell?

COMMISSIONER MITCHELL: Yes.

CHAIR FERRARO: Commissioner Davis?

COMMISSIONER DAVIS: Yes.

CHAIR FERRARO: And the Chairman votes yes.

Thanks Josh.

MR. RUBINSTEIN: Thank you.

Item number five is discussion and action by the Board regarding the distribution of Race Day Charity proceeds of Pacific Racing Association II and Pacific Racing Association, combined 2023 Summer and Fall Race Meetings.

Morning, Eric.

MR. SINDLER: Good morning. Eric Sindler on behalf of Pacific Racing Association and Pacific Racing Association II.

Yes, we are donating \$7,445.98. And again, this is just the statutorily approved distributions. We do make additional charitable distributions in addition to these. This is just the portion that the Board has to approve.

CHAIR FERRARO: Any questions from the Board?
Public comment?

Can we have a motion, Commissioner Davis?

CHAIR FERRARO: Davis moves.

CHAIR FERRARO: Second. Hudnut.

CHAIR FERRARO: Commissioner Hudnut?

COMMISSIONER HUDNUT: Yes.

CHAIR FERRARO: Commissioner Alfieri?

COMMISSIONER ALFIERI: Yes.

CHAIR FERRARO: Commissioner Castellanos?

COMMISSIONER CASTELLANOS: Yes.

CHAIR FERRARO: Commissioner Gonzales?

VICE CHAIR GONZALES: Yes.

CHAIR FERRARO: Commissioner Mitchell?

COMMISSIONER MITCHELL: Yes.

CHAIR FERRARO: Commissioner Davis?

COMMISSIONER DAVIS: Yes.

CHAIR FERRARO: The Chairman votes yes.

Very well. Thank you.

Number six, discussion and action by the Board regarding the distribution of Race Day Charity proceeds of the Los Angeles Turf Club II, Incorporated dba as Santa Anita Park 2023 Fall Race Meeting.

Mr. Sindler?

MR. SINDLER: Yes. Good morning. Eric Sindler again on behalf of Los Angeles Turf Club II.

For the 2023 fall meet, we will be donating \$56,578.15 to charities, which are outlined in your Board package. And again, these are just the statutorily approved distributions. Santa Anita makes significant other contributions as well throughout the year.

CHAIR FERRARO: Questions from the Board?

Public comments?

Motion?

COMMISSIONER HUDNUT: So moved.

COMMISSIONER ALFIERI: Second.

CHAIR FERRARO: Commissioner Davis?

COMMISSIONER DAVIS: Yes.

CHAIR FERRARO: Commissioner Mitchell?

COMMISSIONER MITCHELL: Yes.

CHAIR FERRARO: Commissioner Gonzales?

VICE CHAIR GONZALES: Yes.

CHAIR FERRARO: Commissioner Castellanos?

COMMISSIONER CASTELLANOS: Yes.

CHAIR FERRARO: Commissioner Alfieri?

COMMISSIONER ALFIERI: Yes.

CHAIR FERRARO: Commissioner Hudnut?

COMMISSIONER HUDNUT: Yes.

CHAIR FERRARO: The Chairman votes yes.

Thank you, Eric.

MR. SINDLER: Thank you.

Here we are with our major topic for the day. I just want to proceed this with a few comments.

This is a very difficult position for the Board to be in. no matter what decision we make, we got half the state mad at us. So we're going to have to look at this very carefully. We have fiduciary responsibility for the state of California. And we also have to ensure that whatever decision we make is in the best interest of thoroughbred racing in California.

So in order to make a decision, we're going to have to ask both sides some very serious questions. That doesn't mean -- I don't want it to be interpreted that any particular Commissioner or this Board is leaning one way or the other. We're trying to be very neutral with this. We're trying to analyze it based on the facts that are presented to us.

So with that, we'll start out with CARF's

presentation. We will then do the Southern California presentation, ask for TOC and CTT comments, and then we'll see where it goes from there.

MR. HOBAN: Good morning. My name is Jerome Hoban. Today I have the honor and sometimes the burden of being the CEO of the Alameda County Fairgrounds, as well as today I'm wearing a second hat. I'm the chair of California Authority of Racing Fairs. I apologize that this topic has brought so many people to your doorstep for this debate.

So before we get started, and Larry's going to go through a lot of the details, but I wanted to give a brief overview.

In 2007, Bay Meadows closed. Legislation was passed to allow fairs to run more racing and to avoid putting all of the eggs in one basket, at least for Northern California. Instead, all the Bay Meadows states moved to Golden Gate Fields. But at the same time, Pleasanton was asked to save Northern Racing by opening as a licensed auxiliary training facility for Golden Gate Fields.

In 2018, Pleasanton closed its training operation because the industry contracted and all of the horses could be accommodated at Golden Gate Fields. But Pleasanton doubled down and invested in a major cleanup and renovation of the barn area. And in 2022, Pleasanton was then asked to open for training for the entire summer to allow Golden Gate

Field's time to improve their backside and become compliant, again, doing its part for northern racing.

In 2023, CARF was asked by the industry to move legislation in a matter of 14 days. CARF's spot bill was used last year to provide the mechanism for Golden Gate Fields to stay open for an additional six months for the betterment of northern racing. The spirit and the legislative intent was to allow time for the industry to develop a plan. And in the event North did not have a plan to run the dates, the South would revert to being the northern host. The intent was not to burden the CHRB to choose not to run the north for sake of the south.

I am sorry that some of our southern industry friends have suggested that this is your burden. It was never meant to be north versus the south. We were merely trying to help.

Why would CARF be more successful than Golden Gate Fields? I've been asked that many times.

CARF repeatedly sets up, operates, and moves four race meets per year and coordinates 13 off-track betting facilities. It is done with an extremely lean management team. We hold the only solvent purse account in the state of California. We have the best track record, safety track record, in California and well beyond other states.

California represents the collective economic strength of 13

fairs and their 13, almost all of them, governor-appointed Boards in their communities.

Pleasanton is the oldest one-mile dirt track in the Northern Hemisphere. We've been running since 1904. Pleasanton has been racing and training horses well before any of the Southern tracks or Golden Gate Field even existed.

How can fairs be economically viable? That's always a question I'm asked in these meetings.

Fairs are connected to their communities and carry an agriculture mission, vision, and that is our purpose.

Two, fairgrounds are not reliant on one income stream, but we're reliant on complementary income streams on the entire property. Fairgrounds do not have mortgages, fancy refinancing, and bankruptcy schemes to deal with. Fairgrounds are enterprising agencies of the state, county, and are nonprofits and are not subject to taxes and or property tax. The overhead of fairgrounds is already covered by the existing business activity.

And lastly, Fairgrounds do not pay dividends to owners, shareholders, and corporations or, for that matter, corporations in Canada. Instead, they plow any and all earnings back into the facility for the community and industry benefit.

The economic impact reaches further than the

owners, breeders, trainers, grooms, jocks, and the mutuals you're going to hear from today. You have to think downstream for many examples. For example, UC Davis equine research, veterinarians, hay and grain industries, even the mushroom farms in Monterey, to contemplate the true reach and understanding of the economic impact of your decision.

Will there be unforeseen challenges? Yes, but nothing bigger than what we have already endured.

Will there be a different way of doing things? Absolutely. It has to be different to make it sustainable.

But do I think we will succeed? Yes, absolutely.

So with that said, I'd like Larry Swartzlander, Executive Director of the California Authority of Racing Fairs, to run through some of the details of our plan.

MR. SWARTZLANDER: Thank you, Jerome. Turn your mic on.

Chairman and Commissioners, Larry Swartzlander, Executive Director of CARF.

I just want to say that this is also the anniversary of my 25th year with CARF. I'm glad to be here, probably the pinnacle of meetings I've ever had in my life, and hopefully we'll move on with racing and make it better.

I'm going to give you some details. I'm sure you've all at least had a chance to peruse the letter I sent

you. I'll try to summarize each one of these points and I'm sure you all have some specific questions.

Just to make it clear to start out with, we're requesting dates allocations for Golden State Racing, and also some reallocation of dates, summer dates, to fairs.

The first section is that Golden Gate previously ran seven-week meet during the summer. Those seven weeks are now being divided up between -- Santa Rosa will now run three weeks, Humboldt County Fair will run four weeks, Fresno will run four weeks, and that's how we're requesting those dates be allocated. In other words, there will be no formal application for a separate meet during the summer. They will all be included in the fair meets.

The second portion is the 26-day meet that we would run from a mid-October until the 25th of December, which would be the Golden State Racing meet. And, like I said, it has 26 days. To sum that all up that you're looking at the Golden State will have 26 days racing and 44 days of simulcast, and the fairs, including Santa Rosa, will have 49 race days and 77 simulcast days for -- if you looked at 2025.

So that's the allocation. Obviously, for this particular meeting, we're just looking for the fair reallocation of dates, and also the Golden State meet at the end of this year.

The operating company, there's been some questions on what exactly is it. CARF is the operating company. The branding is Golden State Racing. That pretty much sums up everything I've said there.

The license application, which you all saw a draft of, is utilizing the current codes that are in place that allow the fairs to combine fairs to come up with an entity outside the fair period which is mid-June to mid-October. So what you're seeing in the application is that we've asked for a combined meet, Golden State Racing. The fairs that are supporting this particular meet are Monterey, San Joaquin County Fair, and Vallejo-Solano County Fair.

Third point I have here is that we do have a current licensing agreement in draft with Alameda County Fair. I consider it almost a final.

The fourth point here, the license agreement with Alameda, as I said, is -- in my opinion, I'm quite satisfied with it and I think that that's just a matter of working on some final details.

One of the prime capital improvements, number one, would be that we currently don't have enough stalls at Alameda County Fair to accommodate the horses coming from Golden Gate Fields. As I pointed out in some of the numbers, I believe there's 927 horses at Golden Gate right now. We expect that when Emerald Downs opens on the 5th of

May, you'll see that reduced too. My racing secretary and I, we estimate 800 horses. We have approximately 640 stalls at Alameda County Fair and we require at least another 200.

We have a purchase agreement in place with Grants Pass for 264 stalls. These are 12 by 12 stalls. We also have a purchase agreement in place to purchase steel roofs for these stalls so that we can easily get these stalls by mid-April. And I would expect to have them up and operational by the time that we start moving horses in from Golden Gate.

And also we have another agreement verbally at this point with Noble Panels & Gates for new stalls. There would be an additional 260 stalls that we would purchase. Obviously, we're being optimistic here that we want more horses and we want to raise the capacity of Alameda County Fair to at least 1,400 stalls. I believe Golden Gate is around the area of 1,440 right now.

Backstretch housing, you know, it's an issue that we've had the last two years in auxiliary stabling. The fairs have been challenged and what we've done is that for those personnel that didn't have housing when they moved to the fairs, we had provided rental spots and RVs. That policy will be continued, but the negotiation on exactly how the rental spaces are priced and who purchases the RVs is in discussion. At this point, we will guarantee there will be

RV spaces available for all those personnel.

On the backside tack rooms, there will be one tack room for every six horses. That's sufficient. And, you know, in our interpretation of the tack rooms at this point is that, you know, at night, personnel are required to be on the backside, licensed personnel, and that they -- for safety and fire prevention on the backside, those tack rooms could be used for -- obviously, you're going to have a cot in there but they are not considered living quarters. But in the long term we still have one of our capital improvements in Phase 2 and 3 is that we want to upgrade all the tack rooms to facilities that could be used for living quarters.

The auxiliary stalls, again, we talked about the -- if an event that we don't get all the stalls up, the California State Fair is available. We've used it the last two years. And, obviously, we have to start prepping the track over there early anyway because the harness racing makes the track unusable to us, so that that would be not an issue at all if we don't have the stalls up.

Further capital improvements projects, number one on our radar is the turf course next year. We're having an engineer, Roger Sayer (phonetic), come out here on July 8th. He's the one I did some work with on engineering the track here at Cal Expo and he's going to go over the design and

modifications that would be required to put a turf course in at Alameda.

Talking about discretionary funds, pretty much wrapping up the whole financial situation, you know, CARF has a reserve of close to \$1 million. This reserve is used for personal repayments, but we've never had any, but that's what it's there, but it's also for capital improvements, anything we want to utilize in the horse racing area.

In addition, obviously, the cost of the stalls eventually will override what we have in CARF. And we're going into an arrangement with the fair members that a line of credit will be extended to CARF that can be utilized for cost of up and beyond what CARF has.

Purse overpayments, I'll talk just briefly about, obviously, the details that I talked to Bill Nader about this at TOC last week. You know, this is an ongoing process. We, the fairs, will be proposing a proposal of purses over the summer that you'll see here in, probably, a couple months at the meeting, but it basically is fairly close to what we provided last year.

But let's talk about what the purse overpayment or underpayment would be for gold state racing. That's the unknown. You've got a situation where, you know, we can conjecture as to what's going to be handled discrepancy when Alameda takes over versus Golden Gate, you know, the hard

numbers that I look at right now. And I'll look at summer dates. I won't go into the Triple Crown period because that's one of the best wagering times of the year.

But take 13 days, basically, of the summer of Golden Gate running, and 13 days of Pleasanton, and Golden Gate does basically generate approximately \$25,000 a day more in purses and commissions. That's the bottom line.

We also have in place a very strong marketing program. We want to, you know, minimize the reduction in handle. You know, our intent is to increase handle.

Now the purse overpayment, what's the risk involved here? As I said, this is my 25th year of doing this. You know, this is an ongoing process. And you have to understand, too, that there's a blend here between what we do this fall-winter meet blending into what we do in the spring, the winter spring meet.

As I had said earlier to you, that one of the main keys of what we're doing here is we're reducing the number of days that we race, and when you reduce the number of days you race, you have dark days where you're generating money through ADW simulcasting commissions, but you're not generating any purses, costs or, you know, expenses of racing. So that's an opportunity to that you recoup what you -- in other words, if you ran Saturday and you paid out \$140,000 in purses and only generated \$100,000, you're down

\$40,000. How do you get that back? Once you go dark, you could be generating \$20,000, \$30,000 a day and not racing.

So that's a number one benefit. But there's a point where you don't want to infringe on what you're doing for the horsemen as far as what the purses are being generated, what are being paid. So the intent, too, is that the one advantage of this is that when you're running three days, a Friday, Saturday, and Sunday, you want to have strong programs. I have no problem with running nine, 10, 11 races, rather than trying to run 6 on Thursday, 6 on Friday. You can still meet the same purse allocation, but for the higher generation.

And with the fall meet, it's quite clear that, you know, we're running 26 days, the same as they did last year, we will have an overpayment. It's our job to minimize that. As I said to Bill, you know, this question mark as to what is going to be the reduction to handle? After the first two weeks of racing in October, we'll know what it is, and there will have to be an adjustment made, and hopefully there will be none. But we're not going to allow ourselves to get into a position where we're \$1.5 million overpaid in the meet, the first meet, and we can't recoup it. But then also, you have to look at what we feel that we're going to regain back in the other meet.

So that's sort of the summary. I'm sure you have

a lot of questions to follow up on that.

The golf course, I'll certainly refer to Jerome here. We have negotiations ongoing. And obviously, the number one priority here is the safety of the horses and the jockeys. And that there's been many physical improvements already done at Pleasanton, netting, et cetera, to preclude golf balls getting on the track.

And also, there's a major, you know, PR effort here and issue that you want the public to be involved. We have the First Tee Program there and other things that have to be worked into to try to maintain a balance that we still maintain some sort of golf program that benefits the community, but also does not interfere with horse racing.

I guess the CAFO permit, which is another one, this is the environmental permit, that since we now would have more than 500 horses or operate more than 45 days, that we'd have to have this CAFO permit updated. We are currently in the process of doing this. This is a procedure. I have Tess Dunham, our legal -- our environmental legal counsel here if you have any further questions on that. I've given you a sort of a rundown at the end of the sheet, which is some of the legal jargon, and I'll basically leave it at that.

So that pretty much sums it up.

But I'd also like to make a closing comment before

I open to questions is that, you know, when we supported AB 1074, you know, this was a compromise on the fairs. AB 1074 does nothing for us. This was a bill that made it clear that if racing did not occur in the north, all funds generated, racing funds, would go to the south. We did that because we understood that, you know, we wanted to make it clear that, you know, if we did not race, you know, we weren't going to argue with the fairs because the first thing you'd do if we didn't race at Golden Gate, the fairs, we would jump up and say we want, you know, the ADW, et cetera, for the entire year because, you know, we can raise our purses.

And just to give you an example, like Watch and Wager here currently, you know, they receive funds 365 days a year. They only race 43. I'd love to have that opportunity because, if I could if I could get that much money, I could raise my person significantly.

But the intent was to make it clear and work with the south and say that here's the future, you know, we want to make it clear that if we aren't doing our due diligence in the north, you know, you should get the funds in the south to make, you know, at least, you know, whatever we can do to make -- salvage racing at that point. We never envisioned that we'd be back here sitting at the table today, now arguing that we can't provide racing. I'm here

to tell you, we can.

Thank you.

(Applause)

Ff Larry, I have a few questions for you. I'm sure the Board does too.

In regard to the structure of the management of this Golden State Racing, what is Golden State Racing?

MR. SWARTZLANDER: Golden State Racing is just a brand name. It's still CARF, the applications that combine fairs meet by CARF.

CHAIR FERRARO: And so the Board of Directors of CARF --

MR. SWARTZLANDER: Yes.

CHAIR FERRARO: -- is in charge of --

MR. SWARTZLANDER: Board of Directors, yes.

CHAIR FERRARO: Okay. And who's in charge of day-to-day management?

MR. SWARTZLANDER: I am. I'm the General Manager.

CHAIR FERRARO: Do you have any experience?

MR. SWARTZLANDER: Twenty-five years. At one point I had seven fairs, Dr. Ferraro.

CHAIR FERRARO: I have some questions about the financial wherewithal, and that's a big concern for ours because we worry about if this thing is a failure and what happens to the state.

So I see you have \$900,000 in cash, maybe short of a million, and then it mentions that you have \$4 million, and what is that \$4 million?

MR. SWARTZLANDER: Through --

CHAIR FERRARO: Who's putting up the money?

MR. SWARTZLANDER: Through the -- well, that be a line of credit coming from one of the fairs.

CHAIR FERRARO: Coming from the fairs?

MR. SWARTZLANDER: From a fair, yes.

CHAIR FERRARO: Do you have promissory notes in writing for that, or is it just agreement, a gentleman's agreement?

MR. SWARTZLANDER: It's being processed right now. And if Jerome would like to comment? It's being processed as we speak.

CHAIR FERRARO: Pardon me?

MR. SWARTZLANDER: It's being processed as we speak. We plan to finalize it.

CHAIR FERRARO: So you'll have promissory notes for that \$4 million?

MR. SWARTZLANDER: Yes, we will.

CHAIR FERRARO: And it's available for your use should you need it --

MR. SWARTZLANDER: Yeah.

CHAIR FERRARO: -- Right?

MR. SWARTZLANDER: Yeah. And that \$4 million is worst case, by the way.

CHAIR FERRARO: Yeah, well, let's think about worst case, so we don't --

MR. SWARTZLANDER: That's where we started, yes.

CHAIR FERRARO: And regarding the stalls, you said a million and a half to put them in. Does that include water and drainage and --

MR. SWARTZLANDER: Yes.

CHAIR FERRARO: -- all of --

MR. SWARTZLANDER: Yes, it does.

CHAIR FERRARO: -- everything?

MR. SWARTZLANDER: The actual stalls only cost \$400,000.

CHAIR FERRARO: Okay. What kind of agreement have you got with the Gulf so far?

MR. SWARTZLANDER: Jerome, you want to comment on it?

MR. HOBAN: Sure. We're having very, very good discussions, and we have term sheets, but this has become quite a chicken and the egg. They want to know, is this real, which is today's meeting, versus when we sign. So that's what we're working on right now.

CHAIR FERRARO: And what's going to be your neighborhood public response when they find out you're

limiting their access?

MR. HOBAN: I think there's twofold. One, we would have a reaction if we did not bring more racing to Pleasanton, which is far greater, I think, than the reaction for some of the golfers that won't get to use those tee times, specifically Friday, Saturday, and Sundays when we're running. But those are the trade-offs for the community.

CHAIR FERRARO: And finally, in regards to the stormwater situation, I know you have a lawyer here that can explain it for us, but I think we would like to know more about that and how long the process takes. Will you be held up with, you know, governmental access and what not and what not. Could we hear about that?

MR. HOBAN: Sure. We'll have Tess chat through that topic.

CHAIR FERRARO: Yeah. Thank you.

MS. DUNHAM: Good morning.

VICE CHAIR GONZALES: Good morning.

CHAIR FERRARO: Push your button.

MS. DUNHAM: Good morning.

CHAIR FERRARO: There you go.

MS. DUNHAM: Thank you for having me here today. Tess Dunham. I'm an attorney at Kahn, Soares & Conway here on behalf of CARF today. I am a water quality attorney. I've been doing it for 30 years.

What I can tell you is there's different ways that we regulate wastewater, stormwater, under the Federal Clean Water Act. What we've talked about here is the stormwater under the Industrial Stormwater Permit, which is the permit already exists. And the process for getting coverage under the Industrial Stormwater Permit requires the submittal of a Notice of Intent and within seven days prior to any industrial stormwater that would come off the facility when you are considered a CAFO. A CAFO is triggered when you have 500 horses or more for a 45-day period or more over a 12-month period. That handles the industrial stormwater.

There's a little bit of confusion here. There's another type of permit, what they call a CAFO Permit, that deals with process wastewater. So there's a difference between the processed wastewater and the stormwater. The processed wastewater would be wash water. You know, when you think about the Clean Water Act when they developed these regulations, and not to go too much into the weeds, they're dealing with hog (phonetic) facilities, dairies where you have flush (phonetic) lanes, and a lot of water used in those flush lanes.

Horse facilities are very different, although there are still requirements associated with them. We don't have processed wastewater the way that the plant -- the facility is currently managed, the way that we deal with our

manure handling, the way that the wash racks go to the sanitary sewer system, and the way that the infrastructure is currently set, plus all of the work that Jerome mentioned with respect to the infrastructure and the changes and the renovations that have been made, how we manage silt, sediment in the storm drains. They have upgraded that facility significantly over the years.

So we are looking and believing that we need to comply with the state's Industrial Stormwater Permit. If for some reason the regulatory authority, which is the San Francisco Regional Water Quality Control Board, came forward and said, no, you also need to do something else, we'll do it. We'll make sure that we are in compliance with Clean Water Act and the state's regulations and have hired the qualified stormwater consultants in order to make sure that we are completely compliant with all of the regulations.

CHAIR FERRARO: And regarding the process of all this, once you file your Notice of Intent, I mean, what's to stop some inspector or some agency from holding you up for several weeks or months over some --

MS. DUNHAM: They would have to go forward and actually bring an enforcement action. They would have to give notice and they would have to go through a formal process, like you as a state agency. And they would have to basically issue a cease and desist order, which would take a

significant amount of time. I suppose they could go to court and bring in a preliminary injunction, but I've never seen -- it's not how the state works; right? They look at facilities. They work with dischargers if they decide that they need to make upgrades.

For example, Santa Anita has a Time Schedule Order in place with the Los Angeles Regional Water Quality Control Board, which has given them well over five years in order to come into compliance with their requirements that they have in Santa Anita from permits that they've had going back to the early 2000s.

Del Mar also, I believe, is under a compliance provision when they entered into a consent judgment with some environmental organizations because they actually came into compliance under a consent decree.

So there's a lot of different mechanisms that are utilized in time in order to make changes, in order to make it happen, if that becomes the situation. But I have never seen the state agency come in and shut somebody down, unless it just is an extremely egregious situation. That is not the case here with us today. And again, we'll do what we need to do.

CHAIR FERRARO: Now regarding Santa Anita and Del Mar, they spent millions of dollars in order to come under their regulatory requirements. What do you see -- do you

foresee us being in that situation?

MS. DUNHAM: I don't know at this point in time. As I said, we're meeting with our stormwater consultant. They've already spent significant resources putting in sediment filters into the storm drain, things that the other farms are just starting to do now. My understanding is that this facility has already done all of that. We have sweepers that actually go around, electronic sweepers that go around and sweep every day. The manure is hauled off daily to the mushroom farms. It's under covered facilities.

All of these changes have already been made and, therefore, those things that may be costing them have already been done at Alameda and the renovation and the upgrade of the facilities. Could I tell you exactly? Couldn't tell you, but that is kind of the situation that we currently have is looking at how we are currently managed and what we do in separating our process and our confined areas and our process wastewater from what we consider to be industrial stormwater in order to make sure we are compliant under the laws.

CHAIR FERRARO: Thank you.

Commissioner Davis, do you have questions you'd like to ask?

COMMISSIONER DAVIS: Well, I feel pretty comfortable with what we've heard from Ms. Dunham here about

the CAFOs. That was my big concern.

But I have a secondary concern, not CAFO's, marketing and advertising, because that seems like you're going to have a big push with overcoming the fact that there's no fair involved in the new race meets. It's just, you all come, it's an unusual time of year. What's your plan for doing that? I see the marketing and advertising you have in the packet but it seems like the same stuff.

What are you going to do to sort of change people's minds about why they should come when there's no fair, and why they should come at a very different time period, and at a time when you're likely to be encountering weather? Because now that we're back to rainy seasons in California again, how will that affect things?

MR. SWARTZLANDER: Well, let me answer it twofold.

The fairs themselves already have marketing plans, and we have a very strong network out there, a social network that we're already embedded in what we do there. Since we have the opportunity, number one, to start early with the fairs, since we started with Pleasanton, we already have a dual campaign going out about here's the fairs and what's coming up with Golden State Racing.

What's done internally within those, we have a marketing firm that's going to be -- is in place right now. You've seen some examples. Yes, it's the same things that

you see at the fairs, but that is what they do.

What does it do to get the horsemen here? Out-of-state recruitment programs, we visit other states explaining to trainers. We deal on a day-to-day basis with our owners and trainers on the backside as to what the future is here.

Stability. Stability is what you need. You need horses. You have got to raise the purses. The purses have got to be stable. Well, one stability in there, you have got a marketing program that is consistent. And part of that consistency is looking at your program, what are the weaknesses? What are we missing? You've asked a very valid question. What are we going to do differently for this fall meet which doesn't have a fair?

But a lot of the techniques, and I'm certainly not the marketing expert, Commissioner, but we've already put in a budget of \$600,000 to kick this off. You will know what we are and what we're doing. And obviously, part of that is promotions, you know, whether we have hat days or other things. And you also have to look at the facility itself. You know, what do you do with the facilities as far as seating, box seats, et cetera, packages, getting people out there, guest services.

I think what we've been very weak on in other areas, too, is large scales, getting with corporations, go out and say that, you know, you know, here's packages to

come out, that we've got a meet for 26 days. Here's a package addressing all the major corporations in the area. And I'm saying simply is as that it's a tough nut.

COMMISSIONER DAVIS: Okay. And do you have a timeline or something?

MR. SWARTZLANDER: Well, you'll start to see things probably in early May already about Golden State Racing.

COMMISSIONER DAVIS: And what would we be seeing, newspaper headlines or --

MR. SWARTZLANDER: Well, you'll see social media. And I'd like to get into, you know, like I love -- I don't say I love FanDuel and DtaftKings, but you always like to be on the major networks. That's obviously very expensive, but we have to work with what our budget is, and that's about all I can say.

I want to have as much coverage as possible. It's a priority. We have a marketing department and a contractor that's in place to do that. They're the professionals, and I defer to them. But also, Alameda County Fair has a very strong marketing department, and they certainly will be assisting very strongly in this effort.

COMMISSIONER DAVIS: Okay. Thank you.

MR. SWARTZLANDER: Thank you.

CHAIR FERRARO: Commissioner Mitchell?

COMMISSIONER MITCHELL: Thank you, Chair.

I was very concerned in January with the proposal. And I really appreciate kind of putting some meat on the bones to pivot to Pleasanton and the efforts that you all put in. I know that this is very difficult and we're dealing with a lot of things out of our control, certainly out of the control of the Horse Racing Board. So I have a couple of questions that I want to ask just to understand.

First of all, with the -- I'm very concerned about the backstretch workers and where and how they're going to be moved to Pleasanton and what that looks like. Can you explain to me this RV program and trailers, et cetera, how folks are going to be housed? Like who's paying for it and what that's going to look like.

MR. SWARTZLANDER: Yeah, just to give you a little background to begin with, you know, the program that we've had in California has been rather unique on the backside. Unfortunately, we've had a situation where it's developed where, good or bad, that you have people living on the backside that are not licensed, they're family members, et cetera. And I know Bay Meadows at one point, when they were still in operation, they had apartments on the backside, because there's a concern about living in these high-cost areas, where do these people go? It's just very expensive.

And what we did for auxiliary stabling was that we

worked with the trainers, as I say, that we will identify RV spots and that we, during auxiliary stabling, actually leased the RVs for them so that -- but we were very stringent on the fact that only people on the backside, they had to be licensed and they were there for the care and safety and the fire prevention of the horses.

Like I said, you have one tack room for every six horses. So a trainer, you know, could have two or three tack rooms if they've got 24 or 25 horses, if he's got, you know, two or three or four people that have to be. But they're not living quarters, they're just there for that evening. It's like a shift, like a fireman or something, you go in for your shift and, you know -- but they don't sleep all the time like the firemen do. But I mean the firemen are great people. My son is a paramedic at the Phoenix Fire Department, so I can't go into that too much.

COMMISSIONER MITCHELL: (Off mic.)

(Indiscernible.)

MR. SWARTZLANDER: I mean, I'm not, you know, I'm not going to make enemies with them.

But again, just to be very clear, it's not that they're moving in the refrigerator or the microwave and stuff like this is an apartment. So you have to accommodate, you know, the people that still are licensed, and also families. You know, you can't afford -- I think

Pleasanton, just to buy a small house, \$1.3 million. It's just inconceivable.

So we also formed a group in the north, Justin Oldfield is here and he can certainly speak to it also. He's the chairman, where we, on a weekly basis, we meet, you know, to interact with all the horsemen, the owners and trainers, backstretch people. It's like, here's what we're going to do, you're going to have housing, okay? It's going to be, we'll guarantee that you'll get an RV spot, and in some cases they may pay for it or not. This is all arbitration going on between Karf and the horsemen.

But the trailers, you got to understand now, this is not, you know, 12 weeks and you're going back to Golden Gate. This is your permanent house. So you need to get out and get your own RV or whatever is necessary, and then we'll work on the financial arrangement, you know, definitely at least get a discount at a horseman's rate. You know, you can't be paying three thousand a month for a RV spot and that to help these people out.

But you know, we have a very good relation with the horsemen. We'll work it out and this be mutually agreed upon. And as I said, the goal is that, you know, eventually I want to be able to have these tack room to be habitable.

COMMISSIONER MITCHELL: So I guess, you know, that raises a concern, and a concern that I raised at the last

hearing is that you're moving people, families, et cetera, from Golden Gate to Pleasanton. You know, are they going to invest in an RV, and then what if this, you know, experiment doesn't work out, then they're going to -- you know, are they going to be out of that money?

I mean, that's my concern, is that, you know, people are moving, and then if, you know, if it doesn't work out, what -- you know, the cost of that. I don't want to put burden on, you know, working families. And I don't want to put, you know, undue burden that then just, you know, stretches it out and puts cost on them for this effort and then, you know, it doesn't work out.

So that's my concern and I don't feel super comfortable with the answer and I'm glad you're working on it.

The other question I had is with regard to the financing. So you've said you have \$900,000 in your reserves, so you're going to spend that on getting the tack rooms, et cetera; correct?

MR. SWARTZLANDER: No, the 500 --

COMMISSIONER MITCHELL: I'm sorry. I'm sorry, the stalls.

MR. SWARTZLANDER: Of the \$900,000, we always use \$500,000 as a guarantee for personal overpayments, if we would get ourselves in a situation. I certainly don't let

it get to \$500,000.

COMMISSIONER MITCHELL: Right.

MR. SWARTZLANDER: But then also you've got to understand that, you know, CARF is a combination of 13 fairs. If we get in a situation where there is a major overpayment, you know, that would be spread among the fairs and that could -- you know, there is an opportunity I wouldn't even use the reserve, but it would be paid.

The other capital improvements you're referring to, like buyout of the golf, the tack rooms eventually, the turf course, that would come out of extended line of credit up to the \$4 million Dr. Ferraro was referring to.

COMMISSIONER MITCHELL: And o we have a ballpark on the cost of a turf track?

MR. SWARTZLANDER: At least \$7 million.

COMMISSIONER MITCHELL: So you have a \$4 million line of credit.

MR. SWARTZLANDER: But I'm not using that for that. That's only year one.

COMMISSIONER MITCHELL: Oh.

MR. SWARTZLANDER: Turf course is in year two.

COMMISSIONER MITCHELL: Okay, so you have a \$4 million line of credit extended by a fair --

MR. SWARTZLANDER: Correct.

COMMISSIONER MITCHELL: -- right, that will, I

imagine, have interest, et cetera. And what if, you know, you go through the end of the year and the numbers don't work out, who's on the line then for that line of credit? Is it, I mean, state, taxpayers, because it's a fair, or, you know, who would pay that \$4 million back if all of this doesn't work out, just worst-case scenario?

MR. SWARTZLANDER: You want to take that, Jerome?

MR. HOBAN: The Alameda County Fair Board of Directors, who's a nonprofit, has extended the line of credit for the endeavor. They understand the risk they're taking, they've discussed that, and they're doing that on behalf of Northern California racing.

But there is a collective body of 13 fairs behind this effort, so at the end of the day, if a turf course gets built, and I hope it does in year two and three, that that is coming from the proceeds from racing. And if it has to be a loan because it's backed up by the business plan of racing, then that is the ultimate harm. So that's the simple math.

COMMISSIONER MITCHELL: Okay, well, I mean, I very much appreciate that. And I appreciate, you know, Alameda putting itself out there for this effort. And, you know, obviously we support racing in Northern California. I just am still -- it just is a concern because I don't want, you know, taxpayers, et cetera, being in a position of who's

going to be responsible for this, you know, if it doesn't. And the Alameda Fair, I mean, is that something that needs to be addressed? It just, it's a concern.

So let's see what other --

MR. HOBAN: Commissioner, I would add that the Alameda County Fair and the others are enterprising agencies of the state, and they essentially self-fund themselves, so it's not state tax dollars.

COMMISSIONER MITCHELL: Right, but you're still going to be on the hook if, you know --

MR. HOBAN: Yes.

COMMISSIONER MITCHELL: -- there isn't sufficient funding extended forward --

MR. HOBAN: That's correct.

COMMISSIONER MITCHELL: -- for whatever money.

MR. HOBAN: That is correct. Yes, fairs are on the hook when they take a loan to build a building --

COMMISSIONER MITCHELL: Right.

MR. HOBAN: -- and so forth.

COMMISSIONER MITCHELL: Right.

MR. HOBAN: So especially the Alameda County Fair understands that.

COMMISSIONER MITCHELL: Okay. Okay. I think that those are my questions for now. I'm sure they'll be more. Thank you so much.

MR. HOBAN: Thank you.

CHAIR FERRARO: I'm saving you for last.

Thomas?

COMMISSIONER HUDNUT: I have some --

CHAIR FERRARO: I'll give you the advantage.

COMMISSIONER HUDNUT: -- perplexities because of lack of numbers and facts. For example, stabling and vanning is an expense that I don't see covered in any of the materials.

MR. SWARTZLANDER: Well, I would only use stabling and vanning in the event that we don't have enough sufficient stalls at Pleasanton. But also, vanning and stabling is covered with a two percent takeout of handle during the fairs.

COMMISSIONER HUDNUT: Well, with respect to the takeout and the purse structure, I see in number seven here that you go over the Purse Program, but I don't see anything on the purses that are going to attach to certain races. I don't know what the purse is going to be for a maiden claimer, for example, or a maiden special weight, or what your allowance structure is going to be, because it would be helpful if we could see how that compares with the existing structure at Golden Gate.

My guess is you're going to have to be about 25 percent below what the existing structure is, and that leads

to questions as to whether your revenue is going to be equal to your expenses. I mean, the fall of the year is the lowest wagering time of the entire calendar year and it just, it raises questions that the material here doesn't answer.

MR. SWARTZLANDER: Yeah, Commissioner, we have certainly already put a draft comparison together to give you an idea of what we're looking at. For example, in the fairs themselves, you're probably looking at a ten percent reduction of what -- the overnight purses of what we did last year. Now taking this, putting aside what Golden Gate currently is, they reduced theirs by 25 percent. The fairs purses were basically five to seven percent less than Golden Gate's, to give you a perspective.

The one for Golden State Racing, we're looking at the purse structure that would be approximately five to seven percent more than what we currently do on the fairs. And it certainly would not be anywhere near this 25 percent.

And in discussions with horsemen, you know, they feel at this point that they can accept a ten percent reduction. Let's say that's what 2023 was being paid at Golden Gate, they would accept a ten percent reduction and that would be reasonable to start the meet, and that's our starting point.

COMMISSIONER HUDNUT: Okay, well, I would -- I

think we on this Board would like to see some numbers there and feel better about that if we're going to go forward with this.

MR. SWARTZLANDER: Yeah, I agree with that. And then Scott, when we talked with staff, that we felt that we would try to not get into that yet, but they're certainly available and I can put them out for you.

COMMISSIONER HUDNUT: Okay. Thank you. If we're being asked to approve something, we'd like to know exactly what we're approving.

MR. SWARTZLANDER: I understand, Commissioner.

COMMISSIONER HUDNUT: Thank you.

Next witness.

CHAIR FERRARO: Dennis?

COMMISSIONER ALFIERI: Well, I am very sensitive to horse racing in California, north and south, and to all the horsemen, the breeders, everybody associated, all the stakeholders.

I'm not comfortable with not knowing details and costs. Commissioner Hudnut started it, well, Wendy as well, but you have a lot of details. This is a major plan you're embarking and, you know, we need to know more of the details and the costs.

I appreciate, Larry, you've been involved for 25 years, and by now you should know that. And I'm not trying

to get on you, I'm just saying.

MR. SWARTZLANDER: Yeah.

COMMISSIONER ALFIERI: Well, I have a question. I mean, I just asked Commissioner Hudnut, I mean, are the fairs in the black? Are the fairs solvent? I don't know that. Do you know that?

COMMISSIONER HUDNUT: Thirteen of them.

MR. SWARTZLANDER: He can speak to all that.

COMMISSIONER ALFIERI: Thirteen of them.

MR. HOBAN: Yeah, well, this is all public record, because all of the T&Ls are posted, but certainly the Alameda County Fair is in the black. I can tell you that because I'm their CEO. And I know that many, many fairs with us are doing very well.

So could there be one or two that are struggling? Absolutely. I didn't get into everybody's books.

MR. SWARTZLANDER: Yeah, there's --

CHAIR FERRARO: I'm just going to interrupt.

Are they in the black because of the fair and the things that go on at the fair? Are they in the black because of racing? What about the racing part of the fair? Is it in the black, or is it losing money on that?

COMMISSIONER ALFIERI: According to these numbers, they're not solvent from racing.

CHAIR FERRARO: Yeah.

COMMISSIONER ALFIERI: Not all of them. I'm looking at them right here. They're all negatives.

MR. HOBAN: Are you referencing our 13 OTB members, or like a racing fair?

COMMISSIONER ALFIERI: The OTB. I'm looking at negatives, so maybe I'm reading this wrong, but -- and --

MR. HOBAN: I'm not sure what he's looking at.

MR. SWARTZLANDER: Well, if you're -- let me get -- there's two things I want to answer for you.

Number one, as far as, you know, for me to get the CARF Board to support this, I've already done a pro forma, you know, and showing the black and what the costs are, and I certainly can provide that to you. And there's also, in the pro forma, we put out a revenue-sharing matrix that says, here's what happens if we're 10 percent down, 20 percent down, 30 percent down, all the way to 50. And even with the 50, we still show that there would be net profit.

What you're referring to there about what does racing contribute to the fairs? Again, you know, you're into an area that if you sat down today and we look at what we generated commissions from racing versus expenses, yes, it's negative. But the racing is a contributor to the fairs in many aspects, attendance, parking, food and beverage. When you put that all together, just to give you an example, it's been four or five years ago when the big Fresno Fair

ran a study to where the contribution of racing to the fair was near \$6 million every year. We haven't revisited it but, you know, racing is -- it's a new product, it brings in new fans.

And if you want to get down into numbers, I'll never sit here and argue with you, Commissioner, about is Golden Gate generating more commissions than they do Pleasanton? Yes, they are.

COMMISSIONER ALFIERI: Well, we're also looking at the weather. That concerns me. What if we do have weather and you're shut down? I mean this is --

MR. SWARTZLANDER: Well --

COMMISSIONER ALFIERI: The summertime with the fairs is great. You don't have any rain, but --

MR. SWARTZLANDER: Well, let me give you a little background on that.

COMMISSIONER ALFIERI: How are we going to --

MR. SWARTZLANDER: Yeah. Well, first --

COMMISSIONER ALFIERI: -- mitigate that?

MR. SWARTZLANDER: -- first, of all, you know, we have a Trackmaster Incorporated, which is -- Steve Wood has been -- worked for me for 25 years. He has contracts with the Middle East, Australia, Southeast Asia. At one time, he used to be the track manager of Del Mar and Santa Anita. We have the expertise.

Bay Meadows ran for years. Golden Gate ran for years without synthetic tracks.

CHAIR FERRARO: Excuse me, but --

MR. SWARTZLANDER: First --

CHAIR FERRARO: -- but regardless of who is running your track, the California Horse Racing Board has an inclement weather policy.

MR. SWARTZLANDER: I understand.

CHAIR FERRARO: You may have the best track man in the world, and you still can't run.

MR. SWARTZLANDER: I understand that, Commissioner. I am getting you there.

So we have got a situation where we have to deal with it. We have to look at the inclement. What are we going to deal with?

So the first thing is, how much rain do we expect at Pleasanton? And if you look at stats, the average is like 17 inches, 18 inches at Pleasanton a year. Santa Anita is 16, so it's not that much different. And the inclement policy, I'm quite familiar with it, Dr. Ferraro, I have it with me, I read it again, that, you know, you have to make sure that there's a procedure and the statistics are in line, and what are you doing, what are the precursors to cancelling racing, that those flags come up early, that you notify the CHRB that, you know, we're in a situation where

we don't feel we can race. But then also, yes, you will cancel. We cancel now at Golden Gate and Santa Anita.

But we're only racing three days a week. And the intent is to race when we can also. So if we get cancelled, and we've done it down south before, if you cancel on a Friday, you run on a Monday to get the horsemen, get the races out there.

I'm not God. I can't control the weather. Last year was terrible. We know that. This year wasn't too bad. It's not over with yet. But I certainly understand that and we will deal with it.

CHAIR FERRARO: Dennis?

COMMISSIONER ALFIERI: Very good. No, I have nothing.

CHAIR FERRARO: Are you done?

COMMISSIONER ALFIERI: Yeah.

CHAIR FERRARO: Commissioner Castellanos?

COMMISSIONER ALFIERI: Sorry, I have one other comment.

CHAIR FERRARO: Of course.

COMMISSIONER ALFIERI: This water thing bothers me a lot. Sorry.

CHAIR FERRARO: Go ahead.

COMMISSIONER ALFIERI: Sorry. I love, I appreciate what your attorney has mentioned. I really would

like to know more about that. I'm worried about the cost of that. That could be our Achilles heel. I mean, I don't know that. And maybe you spread it over the five years or whatever, like Santa Anita and everybody else, but I think there's some major cost. There could be some major costs there. We don't know, so here we are in the dark, you know?

So please make us feel better about that; right, Larry?

MR. SWARTZLANDER: If you would have given me two years, Commissioner, I'd have already taken care of it for you.

COMMISSIONER ALFIERI: Well, we don't have, you know --

MR. SWARTZLANDER: I know, yeah.

COMMISSIONER ALFIERI: Okay. Enough said. Sorry.

COMMISSIONER CASTELLANOS: A lot that has been asked has been kind of answered, so I'm not going to speak just to speak, so thank you. They've asked everything that I've been thinking. Thanks.

CHAIR FERRARO: Oscar?

VICE CHAIR GONZALES: Thank you, Mr. Chairman.

Jerome, Larry, thank you for a great presentation.

And I also want to just thank the attendees. You know, the 250-plus individuals that are here I think represent a good cross section of racing, particularly in an

important part of the state.

I also wanted to say a quick thanks to the fairs, the coalition of fairs that have come together to submit requests for allocations. I believe it's exactly what the spirit of California is, which is to innovate.

You're right on the edge of Silicon Valley. I've always said that we have to look at what is, what we're prepared to do here is along the lines of a startup. And I believe with that goes the kind of questions that are being asked, but at the same time, we have seen the kind of flexibility from state and federal and local authorities to give opportunities for new business owners, for new startups. So again, I just want to commend you.

I also want to thank Executive Director Scott Chaney and his staff for meeting with you and your team on numerous occasions, and also giving us Commissioners an opportunity to ask questions ahead of time. So I would just want to say I am a little bit surprised at the line of questioning, but I'll get into that here in a moment.

I also want to say thank you for garnering what I believe is important political support. I believe that the local organizations from Chambers to Rotary Clubs and everybody else are excited about the possibility of having year-round racing at your facility.

I'm also encouraged by the letter that I'm looking

at here in front of me by your local Congressman, Congressman Eric Swalwell, who is an up-and-coming and rising star in California politics. He represents your area. I understand he took a walk through the Pleasanton facility recently and he submitted a letter that I will make sure is shared with CHRB staff for the record.

But I believe that HISA, and with their presence, I think it is great to see federal officials insert themselves because no longer is state and local authorities having a jurisdiction over horse racing matters, but also federal officials.

I also want to just thank the Commissioners who are thinking about the backstretch workers. I think it's common knowledge about my background as a backstretch worker, the work that my dad did and that my grandfather did, so three generations of backstretch workers. So whenever anybody asks about the welfare and support for backstretch workers, it is really near and dear to my heart.

But I also want to make it known that if there is no racing, backstretch workers and frontside workers, and even CHRB workers, will have no place to go. So I just want to make sure that we all know. So I believe that not only is the alternative at Pleasanton viable and good, I think it's probably one of the best scenarios for any worker in horse racing to be at.

I've had the chance to go to the facility here a few weeks ago, and the place looks great. It's clean, it's secure. It was great to see the new kitchen facility where those that want to deviate from some of their own home cooking can go to. The restrooms, I would put up against any racetrack in terms of cleanliness and readiness for workers.

I actually think that if I was a worker, of which I was, and I knew about how good of a facility, I have a feeling we're going to start to see even wages and salaries go up of these workers, I believe we're going to be seeing a competitive environment. So aside from horses, I think that the Pleasanton is going to be a draw and attraction for workers who specialize, are very skilled at working with thoroughbred racehorses.

So again, I want to just commend you for keeping that facility at a premium.

You know, in terms of marketing, I'm with Commissioner Davis in terms of let's being focused in on that. She's asked questions along marketing before which I appreciate, not of you all but of other facilities, but I am very confident with the fair participation on the fan end that I have seen from Ferndale down to Fresno, the incredible outpouring of support. So I'd be willing to bet that we're going to be seeing as much, if not more, fan base

there.

In terms of just some of the questions, one, I would really hate to see the bar being raised on Northern California racing. I have never seen the kind of questions by anyone here leveled at any other racetrack until now. Don't forget, this is a Commission that gave, essentially, a free pass to a facility that suffered a catastrophic fire and we kind of just looked the other way and said it's quite all right if you don't have a fire prevention system in place. So suddenly we're now on high alert about these little technicalities. But guess what? The reason that we did things like that is because we had the assurance and we believed that safeguard.

So I just really hope that we're not raising the bar on the good people of Northern California because I've seen, me being a Southern California guy, I've seen numerous occasions where we have just allowed things just to go through.

I also just wanted to ask because I think it's important to say, and I want to give both of you gentlemen an opportunity to react, is there was a letter that was sent by 1st Racing, and I think it really sent some shockwaves across the California and, actually, I'd say to the national racing industry, but in particular Northern California. I don't want to get into the elements of that letter but I

think that it was really directed at what you are presenting. And I'm actually kind of surprised that none of the Commissioners, not a single one, asked about that, because I believe that it needs to go with the proper attention.

So, I mean, Jerome, do you want to just give a short reaction to what you felt about that letter and what it really does for what you're trying to accomplish here?

MR. HOBAN: Well, my initial reaction, I have to admit, was I was dumbfounded that the letter implied that it was us or them versus the way the legislative intent read was to give the ability to plan for the north, but the letter is implying that this Board needs to choose between. That was never the intention of the legislation that Larry and I worked on. And so that was the major reaction and a little bit sad to say to hear that.

Now I do know that in my time in horse racing the last 11 years, Golden Gate Fields threatened to close every single year if the fairs received one more week of racing, of which we were rarely successful in that. Actually, Pleasanton is now four weeks. So that idle threat became just noise for me. We just kept doing what we do very well.

And, you know, there was a comment, and forgive me, I should have spoken up earlier, you know, this marketing thing, the fairs are the best at marketing. If

you come to a fair race meet with the power and support of our communities, we put 6,000 people in a grandstand every day. Now, there won't be a fair running, but we do 250 events a year that we need to promote. This is not rocket science to us.

And proof of that is we were challenged when we partnered with Oak Tree Racing, when we were able to run two weeks in the worst race meet, period, in September. And that was an amazing race meet where, on any given weekend, we had 3,000 people for the Oak Tree race meet. Very successful.

So --

(Applause)

MR. HOBAN: -- quite frankly, I'm dumbfounded when we talk about whether fairs can do this kind of thing or not. It's almost insulting when this group runs -- used to run seven race meets up and down, up and down the state, and drew success on that. And to think that we couldn't do this by being stationed in the economies of scale of what now we will have, this will actually benefit all the other race meets.

And, you know, quite frankly, I would like to see, even though Pleasanton becomes the home base, I want to see more racing at these other facilities. I do not believe that it's good to monopolize it in one place. I understand

we have to have a hub and a home, But I want more racing at Humble, more racing here at the State Fair. I want this calendar to start to evolve and build fanship. You don't build fanship by keeping it all in one place in Berkeley. We've seen it. It didn't work.

(Applause)

MR. HOBAN: So I'll leave it at that. I don't want to make this emotional. We're here for allocation of dates. There's a lot riding on this for the community of racing and beyond. And all of these very good questions and details that are being looked for are traditionally in a racing license, not in the allocation of race dates. But I respect the reason we would be asking these questions so early on, but these are all things we do. We do it for a living, so thank you.

VICE CHAIR GONZALES: Thank you. Thank you, Jerome.

(Applause)

CHAIR FERRARO: All right, gentlemen, I'm going to ask you to step down and ask the 1st Racing -- I may ask you to come back, so don't go anywhere.

MR. SWARTZLANDER: I'm going to Reno after the meeting.

CHAIR FERRARO: Yeah. Okay.

Can we hear from Southern California

representatives, 1st Racing, Del Mar?

MR. RUBINSTEIN: Good morning, CHRB Commissioners and staff. Josh Rubinstein with the Del Mar Thoroughbred Club.

We realize you have a very difficult decision in front of you and there are different viewpoints of how to get there. The one fact, though, that is difficult to dispute is that we no longer in California have the horse population to adequately offer two full-time race meets. Southern California has approximately 2,300 horses in the population, the north is around 850. So that number of just over 3,100, that's what we used to have in the south in 2017, just seven years ago. So I think when you start with that very important premise, it takes some of the emotion out of it.

We are hopeful to work with all stakeholders to create a one circuit for California and to strengthen our racing product throughout the year.

And just one other comment, I'll turn it over to Craig, and I realize we are talking about Northern California dates, but an important component of that is the allocation of regulatory costs, which this year are approaching \$20 million between CHRB Board support and HISA. And currently, the south is responsible for over 80 percent of those costs, and that just simply is no longer

sustainable.

MR. FRAVEL: Can you guys here me? Mr. Chairman, Commissioners, Craig Fravel, 1st Racing. Thank you very much for giving us the opportunity to appear before you today.

I know that you all have received the now infamous letter of several days ago that laid out our position on the allocation of race dates. That message is clearly one that is not one that I relish delivering to anyone. But I do think what is being asked here by CAREF, and they have, obviously, every right to do so, and they have a constituency that deserves to be heard, is really asking you not just for a fall race meet, but we're talking about racing over the next five, ten years, and whether or not we have the ability within the current economic model to sustain that.

When I wrote that letter, and I'll take the full responsibility for having written that and for the sentiments expressed, it was because I've been doing this now for 34 years. I think there's no organization in racing that has invested more in facilities, safety, performance than 1st Racing and the Stronach Family.

We just recently completed an \$8 million project to convert our dirt training surface to Tapeta. A year and a half ago, we completed a new six and a half furlong shoot

to accommodate more grass horses and grass racing at Santa Anita. We have spent, last summer, the summer before last, \$7 million on clean water compliance work to install storage tanks for storm runoff. We're scheduled to spend another \$6 million on that this summer, and the following year, another \$6 million.

So, you know, I'm not here to bash Larry and his team and the work they've done, but I do think that the questions that are being asked by the Commissioners are very legitimate questions. You are being asked, we are being asked to invest in the future of California racing here. And I think the consequences of that decision are vital to our survival.

And again, I don't -- it's not intended to be a threat. We have to make very difficult decisions. We have to make very difficult decisions. We lost \$10 million last year as a racetrack. And the year before, we lost about \$7 million. We have to spend \$6 million this summer to get into CAFO compliance, another \$6 million the following summer.

And bluntly, we don't have alternative revenue sources. The rest of this country has HHR machines, has slot machines, has VLTs, and that's not for any fault from anybody in this room. You know, the tribal nations got way ahead of us back in the '80s and '90s and have cornered the

market on electronic gaming. So we find ourselves having to support ourselves on live handle. And, you know, what we're really talking about here is how the source market fees in the state get divided up.

So, I am, you know, obviously very concerned about workers. I'm not sure how many of them are going to be able to afford RVs to go home -- be housed at Pleasanton. I question. You know, Larry says they have proformas. Well, how come they haven't provided their proformas for anyone to look at? What is the balance sheet of the Alameda County Fair? Are they actually able to extend \$4 million in a line of credit? We don't have answers to those questions. And I think you're entirely correct in your approach to ask for those questions.

If the Executive Director and his finance team want to come down to Santa Anita and go through our capital expense requirements over the next five years and what we plan to spend our money on or hope to spend our money on, we would love for you to come down and do that inquiry because I think this is, you know, it's a crossroads, as I said in my letter. We have to figure out how to make this economic environment work. And as Josh said, you know, I think that those of us in the South are deeply concerned that there is no two-circuit solution anymore. We really need to focus our efforts on the one circuit.

And again, you know, for me, Santa Anita is the engine that drives California racing. I'm doing everything I can to make sure that that's a viable driving operation. And I just hope you guys take that into account as you proceed with your decision on this basis.

Thank you.

CHAIR FERRARO: Craig, what would happen if you hadn't cut your purses? So this decision goes against you and you have to cut your purses by what, 10 percent, 25 percent?

MR. FRAVEL: Well, I haven't personally worked out the numbers, but we're going to sit down next week, if that's what happens, with the TOC and figure out what our purse structure is going to look like for the remainder of our current meet and the fall meet. I know I don't speak for Josh, but I think they've been running projections on their purse.

I will tell you, we're around \$4 million overpaid currently. You know, that's not easy to make up. So, you know, what you hope for, again, is we have, you know, three to four years to spread out the pain on that and try to figure out the additional revenues we can generate so that we can alleviate that purse, rather than making drastic cuts immediately.

CHAIR FERRARO: Well, you have problems now with

field size; right? Is that correct?

MR. FRAVEL: Well, I think everybody around the country has problems with field size. But I said to somebody a couple weeks ago, "I wish we could figure out a way to bet on workouts, because then we'd be fine." But, yeah, I mean, field size is lacking. We're running down around --

CHAIR FERRARO: So a first cut, what's the effect of a first cut on field size?

MR. FRAVEL: Well, you end up chasing your tail, don't you? I mean, field size isn't going to get better as you cut purses. It's not a positive scenario. I'm not here to be Chicken Little, but I do think, as we make these decisions, all these factors have to be taken into account thoughtfully.

CHAIR FERRARO: So you would project smaller field sizes as a result of decreasing purses as a long-term problem?

MR. FRAVEL: Well, I think the racing departments would tell you that it's harder and harder to attract horses from out of state to run in California. You know, maybe in a special way Churchill Downs, which has a massive influx of purse money from their HHR operation, are around \$120,000 versus I think at Del Mar last summer they were \$80,000 and at our place now they're \$60,000. So when those numbers

drop down for people to go buy a horse in Kentucky and then come out and race at either Santa Anita or Del Mar is a disincentive.

CHAIR FERRARO: Commissioner Davis?

COMMISSIONER DAVIS: Thank you for coming in today and speaking to the letter that we all got. I'm very curious to know your take on the concern about Cal-Bred horses and what not having Northern California racing would do to breeding in California and how that would be helpful.

MR. FRAVEL: Well, you know, I personally think if we can present a plan, which at the January meeting, along with the TOC, Los Alamitos, and Del Mar, we put together a program that we presented that showed the potential for the addition of a fourth day of racing at Santa Anita, night racing with modified conditions at Los Alamitos, and creating opportunities for Cal-Bred horses to race, you know, against others.

And I'm confident, you know, that we have good racing secretaries and we can, with the opportunity to put that into place, we can attract horses from the north and we can provide plenty of racing opportunities for Cal-Breds and make sure that those needs are accommodated. I've had some breeders tell me that, you know, they're prepared to participate in those efforts and so I'm hopeful that we can do that.

CHAIR FERRARO: Go ahead.

COMMISSIONER MITCHELL: Thank you so much, both you, for coming. I have several questions, but basically you're asking us not to allocate race dates in the north because -- and for Southern California to accommodate all the racing. We have the issue of shrinking horse population. I'm not sure how having and less racing, not having racing in Northern California addresses that, but (indiscernible).

And I'm shocked to hear you say, after your letter of last week, that you're coming in here and you don't know what the purse cuts are going to be now when you haven't done those calculations. Like, if you send out a letter --

(Applause)

COMMISSIONER MITCHELL: -- that says we're going to close --

CHAIR FERRARO: Please, let's maintain our decorum, please. Please.

COMMISSIONER MITCHELL: -- if you send out a letter that says we're going to close, we can't afford this, to keep losing money, then you should have come with receipts; right?

So also, the \$4 million overpayment is a mess up, to use a polite word, on your end. I mean, you let these --

(Applause)

COMMISSIONER MITCHELL: -- (indiscernible) in public. \$4 million is a lot of money. It's nice that you have it, that you can back it up, but you don't want us to grill, you know, the Northern California folks and ask them how they're going to deal with all of this. But you ran an operating budget of \$4 million in your purses and like how you addressed that, I just don't understandable.

MR. FRAVEL: Well --

COMMISSIONER MITCHELL: In addition, last year you had -- and you can answer these questions when I'm done, but last year we ran a bill to extend, you know, the opportunity for Northern California to have racing after the abrupt closing of Golden Gate, announcement of the abrupt closing of Golden Gate. And we appreciate, as a CHRB member, that that was extended and the efforts were made for Larry, for CARF and the group to come up with a plan. I was very critical of the plan in January. I didn't think it came together.

They've come here. They've done a lot of work to make that happen. They worked in conjunction with you on that legislation. And now you're coming and saying, you know, this isn't going to work at all and we're going to have to close if you give the dates of Northern California.

My question for you is: Given that effort last year, what have you done to sustain this, to sustain racing

in Northern California, over the last six months since the -- or eight months since the announcement?

MR. FRAVEL: Well, I think the fact of the matter is we gave the industry six months notice when we first announced the closing. It doesn't matter when we were going to announce that, it was going to be viewed as sudden and self-centered. So when Hollywood Park closed, they gave six months' notice of their closing. We're now eight to nine months into that.

The understanding with CARF and others on that legislation was we would agree to the additional six months for the -- during which time they could come up with their plan. So they've now come up with their plan, which you are now considering. And as I said, you know, have we been working with them on their plan? No. I mean, they haven't consulted us on it and I don't think they're really very interested in our positions on it, which is understandable. It's their opportunity.

But I'm just trying to emphasize the importance of racing in Southern California. And the fact of the matter is there are limited funds to go around and we have to figure out how those are best allocated.

COMMISSIONER MITCHELL: Yeah, well, let me stop you there. Yes, figure out how limited funds are best allocated, that's not including a \$4 million overpayment in

purses. I don't think that that's a good financial strategy.

But having said that, yes, they didn't. It's not north versus south. It's California versus everyone else. And so not working together with the north to try and deal with this for the industry in California?

I mean, I've only been on this Board five years. I came in here not as a horse expert, not as a background in this, but having worked on regulatory bodies and worked in government before. And what I saw was, you know, this industry has been declining for a long time now. And so it's troubling in that, you know, the industry is not working together. Instead you guys are trying to divide with your letter and the threats of closing by -- instead of working with them to try and make something work in California, because everyone needs to be on the same page in order for it to continue into the future.

I think you should have been working with them on their plan. I think, you know, you extended Golden Gate Fields because we pushed you. And we appreciate that, but at the same time, like let's all work together.

I also feel like there are other things that, you know, you could be looking at aggressively to help address this, things that haven't been pursued. And that's a disappointment to me, including, you know, the HHR and other

things.

So the third, another point I have of my concern with your request, which is everything in Southern California, nothing in Northern California, Los Alamitos plays a big part in that, right, in that plan of where to house people, where to house the horses, et cetera. Los Alamitos isn't even here. They wouldn't come to the meeting. So you're asking us to endorse something that only two of the three of you are even in the room to discuss. If this is the most important hearing in the night, if you're to believe the *L.A. Times* and John Cherwa, that this is the most important hearing in the 91 years of this Commission, why is everyone not at the table?

MR. FRAVEL: I don't speak for Los Alamitos --

COMMISSIONER MITCHELL: I mean --

MR. FRAVEL: -- so I can't --

COMMISSIONER MITCHELL: -- well, but --

MR. FRAVEL: -- explain why they're not here.

COMMISSIONER MITCHELL: -- but you're asking us to make this decision to move everything to Southern California, and Southern California doesn't have their ducks in a row. Northern California, we're grilling them on getting their ducks in a row. I expect the same from you. I expect you to come with receipts, to come with the numbers, to have a strategy and not just put out a letter

that says they don't have a plan, they don't have this, and we're going to close because, you know, this is the end of the industry, and then not have anything to show for it.

It's just, it's incredibly disappointing that we're in this position and that you've put, I would argue, the CHRB in this position of having us pick between north and south. Because it was my understanding that everyone --

(Applause)

COMMISSIONER MITCHELL: -- was under the impression that after Golden Gate Fields closed and there was an agreement that they would work on a plan, that everyone was going to be fine with that but we got a letter on Wednesday that said no, no, no, we're not fine with that, it's not a good plan. We haven't worked with them, we haven't talked to them, we just looked at the plan and now we're going to have to make a decision to close or not. That's not fair and that's not right and that's not a good business strategy.

This is your business, I get that, like do, you know, do the work. You can't just throw out all these threats to us and say, you know, the industry is going to collapse in California, which it probably will in the long term, which is a tragedy for the people in this room. You'll find another job, I'm sure. But it's a tragedy for people and I don't want that to happen, but we all have to

work together. And what has happened now is not everyone working together. It's, you know, we're expected as regulators to pick sides or to pick north versus south, to pick fairs versus, you know, the Southern California tracks.

I don't like the way this was handled. I don't appreciate it. You know, I think we need to have a different attitude and strategy for how to save horse racing in the state of California versus what we have seen so far.

So, thank you.

(Applause)

MR. FRAVEL: Thank you, Commissioner Mitchell. I would just add, when we were here in January, we presented a proposal for consolidation of racing, along with Los Alamitos and Del Mar and the Thoroughbred Owners of California. So we'd certainly be happy to revisit that with you guys and the staff and outline how we thought that was going to work.

COMMISSIONER HUDNUT: I think we all took umbrage at the threat contained in your letter the other day, Craig, and I think it was unfortunate in that regard. I applaud Commissioner Mitchell's points that she just made.

I feel with regard to the overpayment of your purses that there is complicity in this with TOC. This is not something that showed up overnight. Statutorily, TOC is involved in the determination of purses and either somebody

was asleep at the switch or somebody was being reassured that there was no problem because this has been going on for several years. And now, all of a sudden, it seems to be out of control. I appreciate that you have a plan to dig your way out, but I think it's very unfortunate that you dug your way in, in the first place.

And I think that setting us up, setting up the CHRB as the determinant for you to go out of business is really unfair, because if you go out of business, it's because of mismanagement, not because of this Board.

(Applause)

COMMISSIONER ALFIERI: Mr. Chairman?

CHAIR FERRARO: Go ahead.

COMMISSIONER ALFIERI: I appreciate, well, several points that Commissioner Mitchell mentioned. I agree with you a hundred percent. We were all rudely awakened by when you announced closing Golden Gate. That happened under your watch, but not your decision; right?

I take your letter not as, totally, as a threat. I see it as possible reality because I've I studied the owner of 1st Racing. I knew Frank Stronach, I've seen what he did. And these are -- Stronachs, you know, let's take a moment, you know, we'd like to bash them, but you've got to remember that they put millions of dollars into the state of California in their support of horse racing for many years,

and that was because they had a passion. Frank Stronach had a passion. And even though he was a Canadian and he's out of the country and, you know, God bless him, but he, you know, he was there he stuck by it he pumped money into it constantly, constantly when the market and the whole industry was going down.

So I could see it coming. And she could -- Ms. Stronach could just decide, you know, she's moved on Golden Gate. Santa Anita's losing a lot of money. You're pumping money in. The economics just don't make sense; right?

So I would like to understand what -- if you could come back with numbers on these purses, take a look at the whole thing. Take a look at the fact that Northern Cal would have racing. What does that mean? What actually do those numbers look like? And that's for another day.

MR. FRAVEL: Well, we would be very happy to sit down with any Commissioner and the staff to go through with the situation on purses. I can tell you -- sorry?

COMMISSIONER MITCHELL: You haven't gone into the situation purses.

MR. FRAVEL: Sorry?

COMMISSIONER MITCHELL: You're going to sit down? You're offering to sit down -- sorry to interrupt. You're offering to sit down with us to go down the situation with purses, but when the Chairman asked you said, "I don't know

what the purses are. We haven't done that situation."

MR. FRAVEL: I don't have in my back pocket the exact number for purse cuts. That's a matter of negotiation between us and the TOC.

It's also a question of how far you extend the amortization of the existing deficit. You know, we started talking to the TOC about cutting purses, you know, last year and we were asked to hold off while all this kind of sorted itself out. And we were asked in January to wait until the March meeting of the CHRB to institute any purse cuts. So it's not a matter of not working with people, it's a matter of actually working with people. And, you know, the purse overpayment is, essentially, an interest-free loan from our company to the purse account.

So, you know, I appreciate, you know, everyone has their perspectives on management capabilities. I happen to believe that the guys at Del Mar are as great a set of managers of racing as anyone in the country, and they have a similar situation with their purse accounts. So, you know, call it what you will, it's a fact of the matter, you know?

And the threat is not, you know, we're going to shut down tomorrow. You guys have to do what we say. The concern is we all have to be thinking about the consequences of the decision. You're going to make your decision. I understand that. I'm not, you know, critical of your

thinking or your sentiments on the subject. And I realize closing a racetrack is no one's idea of great business. But the fact of the matter is Bay Meadows is gone, Hollywood Park is gone. You know, there used to be seven racing fairs, there are now four. You know, we really have to face the true realities of this situation and take into account the consequences.

And the letter didn't say we're shutting down. The letter said we have to sit down and figure out what we're going to be able to invest with the prospect of continuing to lose money.

I can say one thing, I was on the phone with Belinda yesterday. She does not want to close Santa Anita. We have had offers over and over again from people wanting to buy the place. And every time I've ever shipped those requests up to Canada, the answer has come down, "It's not for sale."

So the commitment is to continue racing, to make racing thrive at Santa Anita, and to try and reinvest our efforts in that product. And that's, you know, if you want to call that mismanagement, you can call it mismanagement. But, you know, I'm not sure there's anybody else in the country -- I don't think Churchill Downs keeps racetracks open that they think are going to lose money or invest money in them. We can see what happened to Arlington Park

recently, or Hollywood Park when they got rid of it.

So we are trying very hard. I understand your frustrations and I appreciate your sentiments, but no one in this room wants racing to survive more than I do. I made a life out of it and I want to continue to have that life with a prosperous racing product.

CHAIR FERRARO: Okay.

COMMISSIONER ALFIERI: It would be nice if you could come back with what that would look like.

MR. FRAVEL: Absolutely.

COMMISSIONER CASTELLANOS: So, ladies and gentlemen, you just mentioned it earlier, Craig, that the letter, the threat was not meant to be one thing to another. The letter bothers me. I'm not too kindly about bullies, but that's the way you want to seem, then that's what it is.

I've mentioned earlier on when all this happened, when your debacle of closing Golden Gate, the announcement and everything else, and what are you doing for your employees moving forward after that, which, nothing, you haven't done anything.

So I mean, my thing has always been your employees, the people that work for this company that are going to be affected. And then you put out that letter like that, purposely, in the way you did it and who you sent it to, to cause the whole disruption in, basically, in the

racing world in California and beyond. It's bothersome. So, I mean, you say well, you know, sorry about your -- the way you feel about the letter. It's you're trying to put a burden on the CHRB that that's not our responsibility.

We don't close tracks. What we do is that we sit there and we listen to everybody to hopefully put together the situation that you guys need to work, move forward on, and do the policies.

I said a long time ago that it's the industry's responsibility to get together and take care of these employees. Figure out what you're going to do. Work together. It's not happening.

You want to be the bully? Do you want to take your ball and run? Then that's up to you. I'm not advocating that, but what I'm saying is that don't put that burden on us. If racing ends, it's going to be due to some people in this room. And there ain't no freaking activists in here that I can see, but it's going to be due to some people in this room. And it's sad to say, because I made the request, get together, work together, let's see how we could help these employees. Nothing's been done.

And I'm looking at everybody in this room, not just these two guys. Everybody in this room has a responsibility to take care of themselves and each other. And I believe that that hasn't been done. That's been done

in the last two meetings, I've seen this much people here to support something in the way of racing instead of, you know, instead of anti. But it's sad to say that with a letter like that, it comes across, basically, if you don't do it my way, I'm going to take my ball and leave. That's not cool.

(Applause)

COMMISSIONER CASTELLANOS: I've always said it, and I'll say it again, if we can continue racing throughout California, and it's financially stable, and it's good for the state, then let's do it. But if it can't be done, then yes, decisions have to be made, but they don't have to be made, because the letters put out to a lot of people. And now we got the north against the south. And I've received a lot of those calls. That is not good.

I'm not upset because of the calls. I'm upset because I don't do well with bullies. That's the problem. I'm upset that you put this on the burden of the CHRB. That is not right. But if that's the way you felt to play the game, then that's what you're going to do.

A lot of good questions have been asked a lot of good things have been said by everybody, by everybody up here, and I'm sure a lot of things are going to be said after. But the bottom line is, again I'm going to say it, we need to work together. We need to figure out how to keep racing in California, not just northern, not just southern,

in California. Because if we keep on going at this rate, we're going to implode. There's no reason for us to cannibalize each other. And that's the way I see this that's going on right now.

So I would suggest work together. So I mean, however we do that, then we do that. There's a lot of ask we have of Larry and his crew. There's some asks that we have from you, from both of you, and I hate to say all three, I guess, you know? But I mean, if you can show that there's an overburden, then let's look at it.

I mean, you basically already said you're willing to open your books; right?

MR. FRAVEL: Yep.

COMMISSIONER CASTELLANOS: Okay, so I mean, that's something that needs to be looked at. And I could say it. From what I do in my business, I could say it to everybody in this room, when somebody says they're willing to open up their books, there's a situation going on, and that's something we need to pay attention to. Now, that's on my side of the business. And when somebody says that, it's tough.

But bottom line is, for me, it's no reason to put that burden on CHRB. I suggest, again, everybody work together, move forward. Your letter, to me, was crap. It shouldn't have been done. But that's the way you chose to

play the game, so we'll go from there.

(Applause)

VICE CHAIR GONZALES: Josh and Craig, I want to just, first, thank you for being here. And I also want to recognize each of you and your teams for stepping up when the state legislature, the governor, federal officials asked you to do one important job, which was to keep horses safe. And we have met those expectations and probably exceeded it. And I do know that that requires resources and leadership of which you both brought. So I just want to say thank you for that.

I also want to recognize you for pulling out all stops when it comes to showcasing California's best and our industry's best when it comes to events like the Breeders' Cup. Nobody does it better than California.

And Commissioner Mitchell, you're right. I do believe that we have to be very mindful that listening on this call right now are a lot of out-of-state folks that are probably working the phones, trying to call owners and breeders to try to pull instead of give to this important state. So I definitely am aware of that dynamic that you just referenced.

I don't really have a whole lot to ask because it's been asked already, but I really felt that when Assembly Bill 1074 was passed and supported, that it was a

sign of good things to come. We saw people working together and it was a meeting of the minds. Another six months of Golden Gate Fields will support this legislation. And whether the North has any regrets about that is for them to answer. But I had really felt that legislation and getting the attention of policymakers is probably what is the most needed here.

And if there's anything that this moment that we're dealing with is going to do, it's going to get the attention of policymakers because we do need help. I am not afraid to ask for help when we need it, but we need policy, we need legislation, we need support, and we need the right attention and investments in what we're doing. I believe that this industry will come together on that front.

You know, speaking of innovation and things that may not work all that well at the beginning is computer-assisted wagering. There's been some attention to, really, where is the money going and why do we have purse deficits? But I'd like for each of you just to briefly state -- you know, and again, I'm not going to be pounding the table as to why more money for the big bettors is not being given to horsemen when the little bettors are the ones that seem to be supporting the horsemen, but there seems to be quite a bit. And I'm going to just go out on the record and say we need big bettors and we need small bettors because that's

really what fuels.

But when horsemen read that there are two racetracks, and both of which are here in front of me today, that are at the table to decide where the revenues go, and it seems like we could be doing a much better arrangement in comparison to places like New York and elsewhere.

And Mr. Cheney, thank you for saying that at some point here in the next couple of months, we'll be looking at that.

But we're talking purse accounts. And with that goes a spotlight suddenly on computer-assisted wagering. So would both of you just like to briefly just state what more could be done? Because we're talking purse deficits of overpayment. I'm hearing -- when I hear \$2 million, \$3 million, \$4 million, in the grand scheme of things, it's not a lot. But when you take a look at what more we could be doing to negotiate better for you and your team and Horstman, I think that might actually kind of close the gap a little bit. But I want to give, you know, both of you an opportunity just to address that.

MR. RUBINSTEIN: Thank you, Vice Chair Gonzales. Yeah, a couple of points on that.

The host fees that California receives for our racing product I will put up against any track, any circuit in the country, and that includes what we receive from CAW.

Interestingly enough, the purse account makes more money from a CAW wager than they do from a retail player, say, in New York at Saratoga betting on Del Mar's races.

So we realize that, you know, CAW is a volatile topic and we certainly need to engage stakeholders to educate and show what not just CAW, but all segments contribute to purses.

VICE CHAIR GONZALES: Thank you.

Craig?

MR. FRAVEL: Yeah, so, you know, the subject of CAW has been controversial ever since the early '90s, I believe, when the first rebating took place in Las Vegas. And you can -- those of you who -- you may have been working on the backstretch at the time. There was a CHRB mandate that we not sell signals to Las Vegas because of the way they were rebating on our signals. And they were doing that on the backs of very low host fees that were paid as part of our simulcasting contracts.

But the fact of the matter is as Josh mentioned, all of these players except for one are located outside the state of California. Again, these are fully disclosed and fully discussed with the Thoroughbred Owners of California who have consent rights over our signal. The host fees, as Josh mentioned, are higher, actually, than for a traditional simulcast wager outside another state. And, you know, these

folks are extraordinarily high volume bettors, and the amount of money that comes in commissions and purse money is a significant contributor to our ecosystem here in California.

We have recently modified the negotiated rates with those players, so we think that we've addressed a lot of the concerns, particularly dominating pools on Pick 6 carryover-type and large carryover pool-type wagers. We restrict their access to pools on the win pool prior to closing to cut down on the incidence of late odds changes, which infuriates players.

And a lot of these issues have been identified many, many times over the years, but we think the current economic model makes sense. Are we willing to tweak that? We're in some discussions with the TOC right now on making modifications to that in certain areas. The fact of the matter is, as you change the economics of those players, because of the way their algorithms work, and I wouldn't pretend to understand the algorithms, there are other people in my organization who work directly with those players on a regular basis, but their amount of play varies considerably based upon the economics of their betting. And so if you raise their host fees and other fees and change the rebate structure, their play drops.

So it's a fine line and I realize, you know, it's

sometimes misunderstood, sometimes mischaracterized, and certainly not something that this Board should stay out of. I mean, I don't want to place the burden of that on you either but we're happy to sit down with the staff and go through the economics of CAW play. And, you know, we try to keep it within a relative -- relatively positive range of the total handle. But, you know, sometimes if they win too much we have to readjust and make sure that they're not disadvantaging a smaller player, so happy to have that conversation.

VICE CHAIR GONZALES: Thank you. And I have a feeling at a later date we will have that conversation again, thinking -- keeping the horsemen in mind really and the all-important purse accounts.

So, you know, just the final thing is I know you both care about the horse population, there's no doubt. And I see indicators that both of your business models are in it for the long run. I'm an optimist. I'm hopeful.

The one outlier, the one area where I believe that is not really being given the attention, it's the point that Commissioner Davis brought up, which is the impact of the breeders. We need them. They are the engine, I believe, and they do forecasting two, threes (phonetic) out. And if there are any breeders who are listening or who you're here, you know Be assured that this Commission understands your

role. I believe these two gentlemen understand your important role. And I believe that we're going to get this right. But that's the only outlier.

I would say everything really does add up to longevity from the leadership standpoint, so thank you for that. But that's the one area that it's not even an unintended consequence. It would be a direct correlation. If you close down the north, not only will workers be unemployed, but breeders are going to be dismantling their shops, and that's the one thing that we don't want.

But thank you both.

(Applause)

CHAIR FERRARO: Thank you, gentlemen. Could you step down?

Well, I'd like to hear from TOC.

A/V REPRESENTATIVE: This is a gentle reminder to everyone to please be aware of our proximity to our microphones and to mute ourselves when we're not talking.

Thank you.

MR. NADER: Thank you, Chairman. Bill Nader from the TOC. I'm joined by --

CHAIR FERRARO: Push your button.

MR. NADER: Oh, there we go. Sorry. Thank you, Chairman. Bill Nader from the TOC. And I'm joined by Gary Fenton, who's the Chairman of the TOC and also managing

partner at Little Red Feather, and Stephanie Hronis, who is a very important and very active member on the Board of the TOC.

The TOC, the Board met yesterday and we had a call to really review the application, and we polled our Board members. And while it wasn't unanimous, the TOC did not support the plan for the allocation of Northern California racing dates for racing year 2024 as currently presented, okay, for a lot of the reasons that were raised today. And I'll go through a couple of the points.

We've always maintained that the TOC would support a plan in Northern California provided it was viable, and I think that's the key point. In terms of viability, there just wasn't enough assurance that this was a viable plan.

We note, and I won't comment on this much, I'll just highlight that we noted the concerns with environmental compliance, and we'll leave that to the experts, which we are not, as well as the Alameda County Fair, the regulator, and CARF to address that. We take the same position with financing. We take the same position on the golf course under control of the Alameda County Fair in CHRB Rule 1475. Again, we'll leave that to others to decide.

We would like to weigh in, however, on two key parts of the draft license application, as well as answers provided by Golden State Racing in response to questions

asked by the CHRB, and this gets to the point that I raised earlier, that not supporting the plan as currently presented.

Section 5 and Section 10H of the draft application for a license is take-out percentage. And, you know, I mean, I've been in this for more than 40 years. I hear everyone talk about how much they've been in the sport, but I've always had respect for the horseplayer. They're really the engine that makes it go and they should not be overlooked. So it's our view that if Pleasanton were to become the replacement track for Golden Gate Fields and take that hub assignment, the wagering public should not be penalized.

For the Board's benefit and by way of background, the takeout rates for any race dates run by California fairs are higher than those of the state's major racetracks, of which Golden Gate Fields was one. So race dates for Golden Gate -- Golden State Racing should adopt the same takeout structure as what we have now at Golden Gate, given that Golden State Racing would be replacing Golden Gate on the Northern calendar if approved.

The second point, and this is one of great importance, I think not only to owners but also breeders and other key stakeholders including trainers and jockeys, for example, and this was touched on a bit earlier. Section 7

of the draft Application for License, and also CHRB Questions 14 and 15 for Purse Program, referring to line 7D on page 5 of the draft Application for License, 7E and 7F show that purse funds to be generated from on-track handle, intrastate off-track handle and interstate handle, those purse funds would total \$4.25 million.

Now, earlier this week in the *Daily Racing Form* the *Daily Racing Forum* reported that its evaluation of the Golden State draft license application was a purse structure of \$200,000 per day over the 26 days of racing at Pleasanton from October 19 to December 15, 2024.

We see it a little bit differently. From our analysis, it's a \$163,400 per day for overnight races and overnight stakes, and we top that up to about \$180,000 per day when fully loaded with incentives paid from the purse account. Now that compares, if we if we look at Golden Gate in 2021, 2022, 2023 it would be about \$200,000 a day. So apples to apples, and with what the racing form reported, \$200,000 versus \$180,000 from what we derived. That seems to be okay.

The question is: s it viable? Is it reliable? Is it accurate? And this gave us room for pause. Based on our analysis, Pleasanton would need to generate the same handle as the corresponding days. So we looked at it, October 19 to the December 15, 2024, and modeled that to that same time

period in 2023. They would need to do the same handle as Golden Gate to meet that purse projection put forth in the draft application.

Now, we think it's a bit unrealistic. Now, to be fair to them, it doesn't mean we're right. That's what I believe to be true. That's what our analysis would say.

In reading what CARF put out yesterday for Golden State Racing, they talked about, and I quote, "more dynamic race fields, higher purses, and betting opportunities," so it's a very enthusiastic outlook, maybe. But the TOC comparison takes into account, again, the same relevant period, 25 days at Golden Gate, 26 days proposed for Pleasanton. 220 races last year at Golden Gate during that same time, 217 proposed for Pleasanton.

The question we have, and I've talked to Larry about this, and I appreciate Larry getting together with us last week and on the phone with us again this week, but our analysis would indicate that purse generation would only support a purse structure at a reduced level.

And in terms of starting out, and this is another thing that I just want everybody to be very, very clear on, is those purses -- and again, I don't blame CARF or Golden State Racing at all with this, they would have a very short fuse in terms of any kind of an overpayment, which I think if I were in their shoes, I'd do the same thing. But it

could lead to, and I think it would lead to, subject to further conversation, which I hope we can have, purse reductions very early in the Golden State Racing launch. I think purses could be cut certainly before Thanksgiving.

And I just think everybody needs to be aware, and I think the information just needs to be more buttoned down, more reliable, and more accurate. I think we're duty-bound, as the TOC, and we're duty-bound really for the benefit of everybody behind me to know exactly what it looks like.

And furthermore, I think, you know, if we weren't at a point to allocate or award these dates, the question I have is then what happens in 2025? When do those decisions have to be made. And do they have to be made before we have the evidence before us, the real truth, so that we can understand collectively what is right for all of California? Because, ultimately, that's the question.

The TOC does represent the north. It does represent the south. We don't want --

(Yelling from the audience)

CHAIR FERRARO: Please, please, please, please.

MR. NADER: But what we want is just reliable, accurate information to understand what puts California in the best position going forward, if they are right in their in their first projections. And again, as I said earlier, they may be right, we may be wrong, but let's get to the

truth before we really look forward, before they look at, you know, the prospects of putting in a turf course and paying \$7 million before the RVs. I mean, we have to really look at this to know if it's real, unless the north can accept a purse structure at a much lower level, and if we can accept that at a much lower level. But we need to know exactly where we're at.

And I do think, in terms of the two points that I've raised, the take-out with respect to the wagering public and the horseplayers, I think that should be an easy fix and one that we can all agree to.

The second thing is just these purse projections, we just need more time to really crunch it, evaluate it, and understand if it's really sustainable.

So those are the key points that I wanted to make. I can then now -- again, we can take any questions that you have later, but I'd like you to also hear from two valued stakeholders, our chairman, who, again, I mentioned is also managing partner of Little Red Feather, speaking on behalf of his role at the TOC, as well as ownership, and Stephanie Hronis, who the Hronis family is about the biggest owner in the state of California. So I think it's worth it to get valued input from them. And again, you can ask any questions of any of us.

Gary?

MR. FENTON: Thank you, Bill.

First of all, can everybody hear me okay? First of all, I want to thank a few people who have reached out to us over the last few days. Barbara Banke, Drew Fleming at Breeders' Cup, Jim Gagliano at the Jockey Club. Someone even showed me a tweet by Mike Repole. We are grateful for the support. California is very important to American racing.

Personally, I love Northern California racing. I am the defending San Francisco Mile champion with my partners, we own Balnikhov. And 20 years ago, LRF was launched after we won the race up here with Singletary.

Our annual north meetings are one of my favorite days of the year. Our members are so enthusiastic and inspiring, it really is infectious. They love horse racing as much as anyone I've met in this Board. I want the north to find a way to continue. But want and desire needs to meet proper investment, funding and transparency in that plan.

A big north horseman told us that at \$160,000 per day in purses, the north isn't viable. And we have seen major owners in the north move out of state and run at Turf Paradise, and now it's Santa Anita.

So, Commissioners, you may approve these dates, but the marketplace and our members have to invest in the

product and buy horses to support the purse structure. And if what we're seeing is any indication, while the north horsemen hearts are certainly in the right place, their investments might not be.

And I'll just conclude by saying again what Bill said, we'd like to find a way to make north racing work. We want to be transparent with our members. We have heard from them that \$160,000 a day is not viable. And we don't want to get into a situation where we're going to be at that level without the full transparency that they're aware of it.

MS. HRONIS: Thank you, Chairman Ferraro and members of the California Horse Racing Board. My comments will be brief, and much of it you've heard already and are experiencing yourself.

I do want to take a moment, though, to thank Commissioner Mitchell for beginning the conversation about the backstretch workers. They're typically the ones who don't have an opportunity to have a voice and have the least resources for housing options and basic necessities. So thank you for bringing that to the forefront.

As we all know, we're clearly in a crisis with another larger one potentially immediately following, depending on the decisions that are going to be made. We are all in a no-win situation. And doesn't matter which

county you live in, it doesn't matter the size of your stable or the role that you play in the sport of horse racing in California.

I do not want to see anyone associated with the sport, people I have no idea who are sitting behind me who they are, but I do want the best for them, for everyone, again, no matter which county that you live in. I don't want to see anyone lose a job, a dream, or a business. The reality is we're faced with hard decisions. And I cannot even fathom what it's like to sit in your seat and the decisions that you have to make.

If decisions that need to be made in the immediate future do not consider the long-term effects, many of us will be risking our businesses and the potential of closing doors. Again, that does not matter which county you live in, which jurisdiction you're in.

I believe that we need one racing circuit in California, not the division that we're experiencing with the two. As we all know, without another revenue source, the industry does not have the financial wherewithal to support the interests of the current structure. And just going along and supporting -- not going along, supporting everything that's been shared, we need a viable, realistic plan. There's so much that goes into projections, reports, numbers, data. We need deep dives into those to ensure that

the structure moving forward can maintain California racing beyond a year, hopefully much more than that.

Thank you, thank you for the opportunity to be here.

CHAIR FERRARO: Thank you.

Commissioner Davis?

COMMISSIONER DAVIS: Thank you for being transparent and honest about where you stand on the issues.

I'd like to ask you as the thoroughbred owners from California, what do you think of the effect closing Northern California racing would have on breeding in California?

MR. NADER: Well, I think, obviously it would have a big effect on the -- especially on the smaller breeders. I think the bigger breeders would still have great opportunity, especially under the plan that -- the contingency plan that was outlined in January for the southern part of California to accommodate horses from the north.

Now, horses currently stable at Golden Gate. Now, I recognize that many of those would choose not to take up that opportunity, and there would be further contraction probably in the breeding to some extent.

But it's not limited to California. I think you know, nationally, we've looked at, you know, consolidation

and major racetracks closing across the country, whether it be Calder in Florida, Hollywood Park in California, Arlington in Illinois, and so on. There have been major tracks that have closed. So it's not something that is isolated to only our state, but it would impact breeders, and that would be unfortunate.

But I think as we said at the very beginning, no matter what we do, no matter what decisions are made, there's going to be some pain, and there's going to be some who are going to walk away disappointed. And unfortunately, that's inevitable. I don't care what decision is made. No matter what we do, it's going to have impact to the detriment of some. So, frankly, I just think it's unavoidable.

MS. HRONIS: I'd like to add that if we even took away our crisis situation, the reality of contraction in the industry, the breeding industry, even outside of California is a reality. No one wants to see that happening. Our current situation here in California does accelerate it somewhat significantly.

MR. FENTON: But I also, it's a very good question, I think one that you should ask the breeders. From what we understand, like Bill said, the smaller breeders would be much more affected than the larger breeders, and they might be having their own division like

TOC is. You should ask them.

COMMISSIONER DAVIS: Thank you.

COMMISSIONER MITCHELL: I don't have any questions, per se, but I do want to thank Bill. Your leadership at the TOC and your performance and behavior in front of this Board, you've been transparent, you've been honest, you don't increase the rhetoric, I really appreciate that. You've been an honest broker and you've been both, you know, for the good and the bad, and that is really appreciated. So I just wanted to let you guys know that you've majorly upgraded and we're really appreciative of --

CHAIR FERRARO: Yeah, as soon as I get done with these questions, we'll take a break.

COMMISSIONER MITCHELL: -- his experience and just his behavior with his Board, so thank you.

MR. NADER: Thank you for saying that.

CHAIR FERRARO: Commissioner Hudnut?

COMMISSIONER HUDNUT: I have no questions.

CHAIR FERRARO: Commissioner Alfieri?

COMMISSIONER ALFIERI: I have no questions.

CHAIR FERRARO: Commissioner Castellanos?

COMMISSIONER CASTELLANOS: No. questions.

CHAIR FERRARO: No questions.

Oscar?

VICE CHAIR GONZALES: Mr. Chairman, I just want

to -- just a couple of things.

But, Ms. Hronis, first, thank you for being here. I really appreciate the leadership that you are providing in this industry. I think it's a breath of fresh air. You bring business acumen, commitment, and understanding of this great sport, so it's really good to see you at the table. And I know we met recently at Mr. Cliff Goodrich's fairwell party, which was a very nice occasion. So thank you very, very much for what you do.

And I just want to just, you know, to both of you guys, this is very difficult, you know? And one thing we never want to see, you know, as I've always maintained, we are the California Horse Racing Board, we're not the Southern California Horse Racing Board. We never hope it ever comes to that, just like I hope you never hope that it becomes the Thoroughbred Owners of Southern California. You represent everybody and I know you all are trying very, very hard. But just based off of the reaction from the crowd, I think there's some fence mending, real fence mending that has to happen to bring the ownership together from one end of the state to the other.

But also, I want to thank you for being candid about the impact on small breeders. Those really, if you think about, you know, the drivers of our economy, it really is small business owners across this country. Those are the

ones that have to put up what the most. And they also are the ones that create the most jobs. So I think we have to just keep an eye on the impact of closing down.

And I have had private conversations with Northern California horsemen. They just want an opportunity. They're not making any guarantees, just like I know you're not making any predictions one way or the other. You're just reading the tea leaves, and by your experience and indicators, it looks like it's going to be an uphill battle.

But this is horse racing. Every day is a struggle. Every day is filled with optimism and some disappointments. We're so different than -- I've often associated us mostly with agriculture, but it's a very resilient group that understands the downside, but they also understand the upsides. I mean, we have owners of California Chrome on the one hand, we have owners of Flightline and Justified, American Pharoah so everybody knows that when you hit and you're on that right wavelength, things can make up for all of the anxiety and anguish in years past. This is horse racing. It's a beautiful sport.

And so I just want to just, again, say thanks for what you're doing. We have a lot of work to cover, but I believe we're going to get this right, so thank you guys.

MR. FENTON: Thank you.

MR. NADER: One comment on breeding that I'd like

to make is that when I mentioned purses, whether they be in Southern California or Northern California, it's a direct relationship to breeding. If purses continue to decline, then the value proposition for breeding is reduced, so it's a direct relationship. That's why we do have to work together, racing and breeding, hand in hand. And we appreciate your comments and everything that you do, as well, so thank you.

CHAIR FERRARO: Scott?

EXECUTIVE DIRECTOR CHANEY: Yeah, Bill, just a quick question. Is there a good way of predicting purses? I know like you've said that the Northern California interests are over-predicting, probably, purse generation, and just for everyone's benefit it's based on wagering; right? Obviously, other tracks can do it because you have a meet that just ran, or some similar period last year, and so it's often just a passage of time and not this completely new entity and ADW deals and so on and so forth.

Is there some magic formula that's the right answer, or do you -- are we -- is there some guesswork involved, is what I'm trying to say, on your part, on Northern California's part, on everyone's part? And the only real way we're going to know about purse generations is if they actually run. Otherwise, it's guesswork. Is that unfair?

MR. NADER: It's an excellent question. It's not an exact science. We look at historical data, such as when Hollywood Park closed and the racing shifted to Los Alamitos. Handle on that racing went down 45 percent with the shift from Hollywood to Los Al. You can look at Churchill Downs when it had to close last year and the racing shifted to Turfway Park, handle went down. And as we know, handle is the key driver to purse generation. It's not an exact science, but there's a couple things at play here.

One, it moves from Golden Gate to Pleasanton. We believe that the out-of-state handle on Pleasanton would be dramatically lower than it would be on Golden Gate. We even think that the wagering in the north will be lower on Pleasanton than it would be on Golden Gate. We do think that wagering on the north would increase at that time of year on Del Mar, which there would be an upside to that in first generation in the north. So there's a few different things at play when you try to crunch it and really analyze it.

The other thing that I think we can't forget is that when the racing shifts from Golden Gate to Pleasanton, and this may have impact on field size, as well, I know that from the CARF side -- and look, I really respect their view. And I'm not saying our view is, you know, the gospel; right?

It's subject to opinion, but theirs would be field sizes would increase, handle would increase, and purses would benefit. We don't necessarily see it that way. And one of the contributing factors would be you've got a long track record of Northern California racing in the hub being on synthetic surface and turf and now it would be solely on dirt. And I think that would, again, be detrimental to handle, which would again hurt first generation.

So that's our, you know, 32nd view of how we would assess it, but happy to sit down with anybody from car for Golden State Racing. You know, we're readily available. We're there seven days a week. You know, our door is open. So I hope the north and CARF looks at us as a resource and we're here to help and we're here to try to work together as much as we can, and I want to just say that publicly.

EXECUTIVE DIRECTOR CHANEY: Is there like a minimum purse level for Northern California below which -- I mean, I guess I'm asking like I don't know what happens, or is it really just risk tolerance for horsemen; right? So if horsemen are saying, we're willing to run for, I don't know, average daily purse structure of \$150,000, that's enough to make a living? Like is there like a minimum figure that the Board should care about, I guess, is my question?

MR. NADER: That's another good question. I mean, they're accustomed to, say, '21, '22, and '23, they are

accustomed to \$200,000 a day. Overnight purses, overnight stakes, and purse incentives such as participation purse money for those horses that finish sixth or worse, maiden bonus awards, those kind of things totaled \$200,000 a day.

When The Stronach Group, 1st Racing, was looking to recover the \$3 million purse overpayment at Golden Gate and reduce purses in the six months of December 26th to June 9th, the TOC tried to work with 1st Racing and they were open to this, maybe we can run less days and the purse reduction would be less, to a point that Larry made earlier when he was up here. But our northern members of the TOC Board didn't want to take that tradeoff.

So the question is not only the purse level, but the opportunity. Because we have to be careful. When we look at the -- again, in the Purse Program, which is Section 7 of the draft application, 26 days is eight races on Friday, nine races on Saturday, eight races on Sunday. If there was a cancellation, would there be a replacement race meeting? There's a lot still to work out.

And you know, it's a balance of not only what the purse level would be, but the requirement to run the requisite number of races. In this particular case, it's 217 races. If they went down to a two-day week, which I don't think they should, and I don't think our members in the north want, because they want opportunity, then the

purses could be propped up.

So I'm not sure that totally answers your question, but I think we would have to really talk more to our TOC members in the north and come to that decision together, not just me giving you a number, but the basis is \$200,000. Larry mentioned a ten percent discount, I believe he said earlier, which would take it down to \$180,000. So maybe it's \$180,000, maybe it's \$170,000, but I think it's somewhere around there.

EXECUTIVE DIRECTOR CHANEY: A lot has been made about the 25 percent purse reduction. And the analysis you had earlier was October last year, which was pre --

MR. NADER: Pre.

MS. HOULIHAN: -- 25 percent reduction.

MR. NADER: Correct. It was \$204,000 a day during that same period last year.

MS. HOULIHAN: Okay. what it would look like if you compared it to like a random 13 weeks, or I guess it's 10 weeks, during current purse levels, what are we looking at? Do you have any --

MR. NADER: Current purse levels are really low because of the reductions, not only in the overnights, but also the stakes. And I think the current --

MS. HOULIHAN: So it would be like \$150,000? I mean, maybe I should know this, but --

MR. NADER: No, current purse levels are around \$130,000 right now.

MS. HOULIHAN: Okay.

MR. NADER: Yeah. But this is because of the, you know, recovering the overpayment. I think the true number has to be, for our guys, would be \$200,000, because that's what they we're living on for multiple years.

MS. HOULIHAN: Yeah. Okay. Thank you.

All right, gentlemen, Ms. Hronis, thank you.

MR. NADER: Thank you.

CHAIR FERRARO: We're going to take a five-minute break and then I'm going to call on CTT, so I'm giving you a warning Alan. Get yourself together.

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

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

CHAIR FERRARO: All right, everyone, just take your seats, quiet down, we'll get going here.

We're going to start with two other industry leaders, one with CTT for Alan Balch, and CTBA representative, Justin.

All right, Alan.

MR. BALCH: Thank you, Dr. Ferraro. Alan Balch, Executive Director of California Thoroughbred Trainers.

And for those I don't know, and I think given some of the things that have been said earlier, I want to point

this out, I've been professionally involved in racing since 1971. I don't think there's probably too many people in this room, if any, who've been involved with it longer than that. And that doesn't count a previous, say, three to five years where I was professionally compensated, if you can call it that, for mucking stalls, and another five years probably before that when I volunteered to muck stalls. So my entire life up to now, professionally and otherwise, has been involved in horses and most of it in racing.

I wanted to begin by saying that in representing the CTT, we have a nine-person Board of Directors, six from the south, three from the north. There's one swing seat in the middle that can be either north or south. But historically, because of the size of the populations north and south, we have six to three status on our Board, north to south.

We had a Board meeting yesterday for several hours. I want to report to you and to the industry that our Board of nine people, south and north, are unanimous in supporting the effort to keep Northern California racing going.

(Applause)

MR. BALCH: You know, we believe that racing in California is not going to survive in any meaningful important way without California breeding. We put in the

record before the statistics that we believe prove that. In turn, we just need to have chance to keep breeders interested and motivated to breed and to provide hope for the future. We can all disagree about the viability of any particular northern plan, but with no plan and no racing in the north there is very little incentive for California breeders to continue.

Now I just had these stats right in front of me, and of course I punched the wrong button, so I've got to get them back here.

As you all know, the purses have been cut in Northern California. And on that subject, I want to just take a little detour and talk about purse cuts.

We hear so much, and this was discussed at our Board meeting yesterday, about, oh, if this northern money doesn't come to the south, we'll have to cut purses in the south. Well, do these people realize that if there is no Northern California racing, the Northern California purses will be cut to zero? Does that make sense? Not if we're all in the same state. We have to work together, as Commissioner Mitchell and several others have pointed out. The harsh reality is that we need a chance to see what would happen in Northern California.

We have seen a little bit of an example of how vital Northern California racing can be just in the last few

months with these purse cuts that you've been told about. Even after these significant purse cuts, and the purses are now, what did we think, about \$130,000 a day in the north?

UNIDENTIFIED MALE: (From the audience.) \$103,000 on Friday.

MR. BALCH: \$103,000 on Friday. With a declining horse population because of, frankly, fear and uncertainty about the future, Golden Gate's population of horses now is in the 800s. And even with 800 horses, their field size is close to Santa Anita's field size with twice the horse population or more. Golden Gate has recouped during this season \$1.2 million of the \$3 million purse overpayment there, about \$100,000 per week. So that shows you how dedicated to racing in Northern California the owners and trainers and breeders are.

There's been, I think, a misapprehension about, oh my god, we've never been here before with this low a horse population. That's not true. The North American foal crop is now about where it was in the early to middle 1960s. California racing grew from that standpoint.

Now, how did it exist? I've heard a lot about, well, we can't have two circuits. Well, we didn't have two circuits in those days, not that I was in racing in the early '60s, but there were not overlaps except between the fairs in the summer and Del Mar. So I think there is a

solution to this.

Something's wrong with my mic. Can I be heard?

I think there is a solution to this, but it goes back to what Commissioner Mitchell and others said, people have to be together in the same room at the same time.

The critical situation that has changed, I believe, in the last 15 years or so, frankly, particularly since one company controls so much racing, the Federation of California Racing Association, that is the group that represents the tracks, which has historically been in California an extremely effective body, once it was unbalanced by so much concentration of racing dates in one place, I don't think the Federation of Racing Associations, Commissioner Castellanos is familiar with that organization from the days when union contracts were negotiated with the entire federation, that entity hasn't had a meeting for over ten years. Over ten years, no meeting of the California Federation of Racing Associations.

Why should that be? Because one organization is calling the shots for the most part. That shouldn't be the case.

When there was more balance amongst the racing associations and when the trainers and the owners were in a single organization, no entity within the sport could succeed in the legislature or any place else without

everyone being on the same page.

Now I lived through the years of tremendous rivalry, competition, and dislike between racing managements, particularly Santa Anita and Hollywood Park, or between Golden Gate Fields and Bay Meadows, and with the labor unions, as Commissioner Castellanos remembers. But when we all got together in the same room at the same time and shared our differing perspectives, somehow we were able to hammer out a provision for going forward that we could all live with, whether it was dates, purses, or anything else.

Now, I think the same thing could be accomplished now. Granted, the situation is so much worse than it was then in terms of alternate forms of gaming, HHR, all these other things you've heard about, but we need the help of the state government. And you are our entre point, you might say, to the state government. Because of this dysfunction of the industry as a whole over the last decade or more, the legislature doesn't even know we exist. And to the extent they do, they probably have a negative opinion.

We have to be there at the legislature with the tremendous agricultural and economic impact of racing as it exists now and somehow as a group, tracks, trainers, owners, breeders, jockeys, labor, everybody together to say this industry needs a way forward and we need to get the politics

in line so we can somehow achieve that.

How do we do it? I think this Board, you have open meeting laws and all kinds of things you have to worry about, so I'm not asking this Board to demand that. I guess maybe you could, maybe you couldn't, but I think you should strongly urge, as I think Commissioner Mitchell already has, everybody needs to get in the same room at the same time at the same place. There are a lot of things that we could say to each other privately that we can't say publicly because we do have very deep differences of opinion, so a public meeting is not a good place to try to hammer those things out. But a private meeting, perhaps with two Commissioners or staff and a Commissioner or something assigned to it, is something that desperately needs doing.

The figures are all there, but they're not shared. I was just appalled that The Stronach Group representatives were up here today demanding a balance sheet and a proforma detailed P&L and so forth for their plan. Has anyone ever seen the books of The Stronach Group?

(Applause)

MR. BALCH: Has anyone ever seen whether Golden Gate is profitable or not? We were told in a TOC open meeting and in private meetings with Mr. Fravel that Golden Gate was profitable when Santa Anita was not. This was within the last two years. That's possible. I spent most

of my professional life in the management of Santa Anita. I know how expensive it is to run Santa Anita.

I also know how efficient it is at Golden Gate Fields, particularly the way that they're running it now. But part of the problem is they're running it so efficiently that there's no room for an investment in marketing. Now that's at least what CARF is willing to do is say we know we need to invest in marketing, but we really need to invest in marketing for the entire sport throughout California.

I think I've taken enough of your time. I'm happy to debate or answer any questions, but I think you see where I'm coming from. We need a chance for Northern California racing and we need hope for breeders because without breeders we have no future and that includes Santa Anita and Del Mar.

CHAIR FERRARO: Yeah. We'll hear from CTBA, Justin, and then we'll have questions for both of you.

MR. OLDFIELD: Thank you very much. I'll be brief. And I just want to be clear and upfront that my comments later will be based towards the merit of the plan before you, but really my comments today are focused solely on, you know, the breeding industry sanctioned by CTBA.

I am a Board Member of the California Thoroughbred Breeders Association. My wife and I own a breeding farm just south of Sacramento. In fact, we've got several other

Board members here in the room. And after hearing some of the comments online, I was given the go-ahead to just kind of reassure folks where California thoroughbred Breeders Association is out on this issue.

I just want to be real clear, we voted unanimously as a Board previously that that the CTBA supports racing in the north and the south. And everything that we've done up until that point, up until this point as an organization, I think, has really worked to achieve that. And I think, really, that support represents our commitment to breeding collectively across California.

I mean, I can't say it enough, and I appreciate the questions that came from Vice Chairman Gonzales and from Commissioner Davis about the importance of breeding, and Alan touched on that a little bit. But, you know, the Cal-Bred program here in California really does serve as the foundation of our field sizes across the state, period; right? We've got guys that breed for the south. We have guys that breed for the north. And frankly, having a two-circuit state has been beneficial for breeders. You have a horse that's bred for the south that needs to run in the north, it can. I, for example, have horses that I've bred that I run in the south, but they're bred for the north. And so we have the flexibility to do that. And the Cal-Bred Program, it really served as the foundation.

And just a couple of quick statistics. You know, in the north, about 75 percent of our field sizes are comprised of Cal-Breds. That's a substantial number. In fact, you know, there's some -- this is my own personal opinion, so I'll take my CTBA hat off for a second and put it back on in a minute, but, you know, we don't run traditionally restricted races in the north because there are so many Cal-Breds; right?

Now putting my CTBA hat back on, about 40 percent of the field sizes in the south are comprised of Cal-Breds. That's a substantial number. And so I just can't say enough about how important the breeding here is to make this whole system function both north and south.

And certainly, you know, the impacts, you know, it was brought up about the economic impacts, there is a huge agricultural component to horse racing in California that's often overlooked, from the work of our dedicated folks on the farm to all of the agricultural products that go into providing, you know, the sustenance for our horses, I mean, all of that, it's huge.

And, you know, if you've got any questions, please let me know, but I just wanted to make sure we wait on behalf of the breeders as a united organization.

CHAIR FERRARO: Thank you very much.

Commissioner Davis, do you have any questions?

COMMISSIONER DAVIS: I do not.

CHAIR FERRARO: No? No?

Oscar?

VICE CHAIR GONZALES: No, sir. No.

CHAIR FERRARO: Thank you both very much.

MR. BALCH: Thank you for your unanimous agreement with what we just said.

(Applause)

CHAIR FERRARO: All right, we've heard from all the industry representatives. It's time to hear from you folks, I guess.

You know, in the interest of time, anybody who wants to speak can speak. Form a line, get in line, come up, but don't repeat each other. I mean, we'll be here all day. Get together, make your points, one person talk for you. If you've got three people that can make one point, we'd appreciate it.

Now, when you come to the podium, please fill out your name on the sheet so our court reporter has a good -- knows how to spell your name.

EXECUTIVE DIRECTOR CHANEY: Yeah, just a reminder, it's limited to two minutes. And you're not legally required to state your name and organization, but in order to appear in the transcript state your name in the organization if you say so choose.

CHAIR FERRARO: Justin, go ahead.

MR. OLDFIELD: Thank you very much, Commissioners. Appreciate the opportunity to address you today on behalf of the Horsemen's Working Group that was mentioned. I have the pleasure of chairing a Horsemen's Working Group that's made up of horsemen, breeders, trainers to really hot guide and help shepherd this process that's ultimately culminated to where we're at today.

I'm going to skip some of the comments I made just because I don't want to be redundant, but I just want to be clear, horsemen, breeders, trainers, jockeys, backstretch workers, and others in the north have united to support this plan. You know, has the pending closure Golden Gate Fields fractured us or broken our spirit, even under a massive reduction in purses? I can say resoundingly, no. I would argue that we are more united and resilient than we were before.

Will there be challenges? Yes. Can we overcome those challenges? Absolutely.

The risk of not moving forward in the north is tremendous. Not awarding dates in the north will result in the complete collapse of breeding in Northern California, which includes many breeders that own three, four, or five brood mares. These breeders are the backbone of the industry north and south. Many of these breeders also race

their horses. At a time when the industry is concerned about field sizes, sending a signal to these individuals to exit the business would be a disaster.

It's been said before, and I'll say it again, only a very small percentage of these horses will move south.

Let's also be clear, not awarding dates to the north will also result in the complete collapse of the summer fair circuit. Some have suggested that a fair circuit can coexist in the future. Let's be honest, we all know that to be false. Where will these horses come from? Certainly not the south.

Although the summer fair circuit is not on the agenda today, I want to simply state that an end to the summer fair circuit will have a wide-reaching social and political consequence that's not been fully considered.

To that end, let's consider what's on the agenda today. Awarding dates for the remainder of 2024, what will granting these dates mean this morning? It means we'll be all back to the table in just a few months to discuss 2025.

I also want to be clear that awarding the dates today will make sure people continue to breathe, and that's extremely important.

And I guess with that, my time is up.

CHAIR FERRARO: Thank you.

Go ahead, Don.

MR. SMITH: Hello. My name is Don Smith. I've been in clinical veterinary practice since 1979 on various kinds of performance horses.

We've heard a lot of double talk here today. Mr. Rubinstein bemoaned the diminishing number of horses available, and yet he's urging you to eliminate the racehorse industry in Northern California.

Mr. Fravel was challenging the balance sheets of the Golden State Racing, and yet his organization refuses to allow any kind of auditing of their finances.

Mr. Nader claimed that the TOC represents Northern California horsemen, but actually the Northern California representatives on the Board resigned in protest of the disregard of their positions.

The bottom line is there's a pile of money out there, and interests from Southern California want to grab it, and they don't care about the repercussions of doing that.

I think the primary issue for you is, do you want to put the future of racing in California in the hands of The Stronach Group? This is an organization that has closed racetracks across the country. They're an organization that is being booted out of the state of Maryland because of their mismanagement of racing there.

I think Mr. Gonzales was right when he said we

need a new innovation in how racing is managed and presented. We need a new paradigm for how horse racing progresses in this state. And you have the opportunity by approving these dates for Golden State Racing to help create this new paradigm, a public-private combination.

Thank you very much.

(Applause)

MR. SCHMITT: Good morning, Mr. Chairman and Commissioners, I'm George Schmitt. I am a member of the CTBA Board, but I want to make clear that what I'm saying now is mine and only mine. It has nothing to do with the CTBA.

I'd ask you to look at history. Look at what happened in the state of Oregon, in the state of Maryland, in the state of Florida, and what almost happened in the state of Arizona. There's one common denominator, The Stronach Group. These people have a different kind of accounting than we have.

I heard you were offered today to see their books. They've never done that before that I'm aware of. You ought to take them up on that. And you can look and see very quickly why they will never, never be happy in this state, and why everybody else who's racing in this state can continue to do so without having the issues they have.

I was a CEO of several companies. Some of you

probably use my wireless devices. Some of you probably have Verizon wireless, some of you probably have T-Mobile. I ran both of those companies. I know how to read a P&L and a balance sheet. And if you need any help, I'm happy to do it pro bono. I will spend all the time you'll let me.

(Applause)

MR. SCHMITT: But I want to talk about a couple of things.

We've been here, Justin and I, and a bunch of other folks who've been working for the last eight months, and trying to come up with a solution. We looked at every track in Northern California. We were pretty close to doing something here.

And Commissioner Mitchell, you were right. When they design that damn track, we had to play with that water, and so there's no way that that was ever going to work out. And with the continued demands from Watch and Wager, it was just not possible for us to go forward, so we decided on Pleasanton. Pleasanton has the biggest handle of all the fairs anyway. But we have --

(Timer chimes)

MR. SCHMITT: Oh, sorry, I'm out of time.

We've got the funding. We have a bank that's willing to fund this program, and we can get from here to there, just give us a chance. I urge you to give us those

dates so we can start shipping stalls and getting things ready in Pleasanton.

Thanks.

MS. BARCLAY: Thank you for this opportunity to speak, and thank you for your earlier comments and questions. My name is Rozamund Barclay. I'm an owner and breeder of thoroughbred racehorses in California.

I would like to express concern for all horsemen in the issues of live racing business for all of California and to convey that I, like so many others here, wish no ill will or failures of any horsemen's businesses including racetracks statewide. We are all concerned for the future of live racing as a viable industry.

With all due respect, racetrack owners do not own the horsemen's businesses. They own the marketplace. We cannot sustain breeding, owning, and training businesses under the constant threat of racetrack closures. We are desperate for a better working relationship with our hosts. Our survival as a sport mandates that we take a different approach to our current state of affairs and diversify our options.

Our business owners and participants have listened to a multitude of issues from financial mismanagement and struggles with infrastructure burdens and failures. We have received many promises that have never come to fruition. If

history teaches us anything, it's how easy it is to make the same mistakes over and over again. Our sport has to change its trajectory if live racing is going to be present in the future.

CARF and Pleasanton have offered us a lifeline. Please give us this opportunity. We invest years into producing our athletes while creating healthy economic stimulus in all facets of our industry. We provide the product to put on the show and receive a minuscule stipend of revenues made on the business of wagering. Stronach Group's AmTote receives \$18.7 billion in annual handle. And, yes, they'd like to cannibalize Northern California interests to save their holdings in Southern California. I don't want to believe that the recent bullying, threatening, and disregard for the horsemen invested in the North will result in furthering a monopoly of our industry.

Santa Anita, historically and currently --

(Alarm chimes)

MS. BARCLAY: -- just take one second -- currently have the largest purses. There's been tremendous talk about purses today. They've historically had the largest purses, they currently have the largest purses, and yet people continue to race in the north and they continue to have horses leave Santa Anita to race elsewhere. In the north, at Turf Paradise, they have smaller purses.

CHAIR FERRARO: Thank you. Thank you very much.

(Applause)

MR. FUSSELL: Hi. Good afternoon, Chairman and Commissioners. Morgan Fussell, Hoof Pick Racing Partners. I'm a small breeder and owner in California. I was raised on the racetrack. Love the racetrack. Love everybody involved with the racetrack.

Pleasanton, the oldest racetrack in the United States, started fair racing there in the 1850s. Beautiful facility. Parimutuel racing, in 1933 it started. It was the fairs that built our agriculture here. They know how to do it. You know, fairs know how to do it. That's been passed over already today. They can get the job done. They'll grow racing.

When you go to the fair racing, you'll get shut out. The people go. They attend. It's a different demographic. It's a demographic we want in racing. You're like at the Derby when you go to the fairs. It's really quite incredible. And back in September when I spoke to you, it's like a baseball organization. You've got Single A, you've got Double A, Triple A. The great state of California, we can even beat Kentucky if we put our mind to it.

How in the world, Justin earlier, \$2.5 billion economic impact racing currently, \$2.5 billion. That can

grow, but we need help, we need help from the legislature. You guys are appointed by the governor. I mean, what a fantastic opportunity, and you look after us, and you do a great job.

COMMISSIONER HUDNUT: I'll take issue with that.

MR. FUSSELL: But you need feedback, right, constant feedback. We need to operate as a whole. But, you know, the elephant in the room, you know, the tribes, they've got their cutout, they do a great job, but why aren't we working with the tribes? They have all the money. You want to work with the tribes to grow our sport, grow their business. Just like pot. When weed was legalized, it's dispensaries; right? Well, why not with our 63 satellite wagering, our brick and mortar, all these? We have it built in already, sports gaming.

There's still 10 million people gambling on sports outside the state through VPNs, illegal. That needs to be captured and then and then we can fund homelessness. We need to help the governor. He's in trouble. We can fund homelessness, public safety, and horses. That's the answer.

CHAIR FERRARO: Thank you very much. Thank you.

MR. FUSSELL: Thank you all.

MS. CALL: Thank you for the chance to speak today. My name is Evelyn Call. I'm with the Arabian Racing Association of California. And we are here to support the

long tradition of Northern California racing at the venerable Pleasanton track. We'd like to support our thoroughbred friends and our members of our Arabian Association who also have thoroughbreds and are racing them in California.

We've been concerned about the closing of the track and the, well, dispersal of the people that work at these tracks and that might never have a job in racing again. It would be a very sad situation. It's a culture that needs to be extended and to last for a long time.

We support giving these races to Pleasanton because it is a good track. It's got good people running it. They know what they're doing. And we would love to have our Arabians racing there again if we can build things back up after we've been shut out so long. They're doing really great on the Texas tracks right now.

Thank you.

CHAIR FERRARO: Thank you very much.

(Applause)

MR. LAROCHE: Hello. Lindsay LaRoche. I'm an owner and breeder in California and elsewhere.

CHAIR FERRARO: Please put your name on the list there, too, before you get -- you got it? Okay.

MR. LAROCHE: Thank you. I think what Alan pointed out is very important. GGF has generated positive

purse revenue after purses of over, I heard \$1.5 million, Alan probably knows better than me, he said \$1.2 million, since January 1. There is a level of purses here that is sustainable as a business model, this despite the largest purse disparity between the south and the north ever, zero stakes races, and that's just a very, very positive development is that north is making money right now and has all year.

I believe only three trainers and 40-ish racehorses have moved to the north, from the north to the south. Despite bare-bones purses here, that speaks to the dedication of all the horsemen here, and it speaks against the business model that was provided as far as consolidating in the south.

I think Justin spoke of the absence of racing in the north. The fairs will not survive. It's debatable whether the fairs survive, not just racing in the fairs. I'll leave that to the CARF people, but it's certainly not a positive development, affecting thousands of people, businesses, and horses.

It cannot, it hasn't been talked about today, it cannot be avoided that the land that Santa Anita is on is worth a considerable amount of money. More, it's alternative use is much higher. Thus, it wouldn't surprise me that a business would consider selling it, frankly. It's

not a negative thing, it's not, but it's a reality.

So sacrifice here for there, how much longer does that give us down there? Sign the dates now. It's not a good option.

(Applause)

CHAIR FERRARO: Thank you very much.

MR. LAROCHE: Thank you.

MS. DURAN: Good morning. My name is Meggie Ghidella Duran (phonetic). I spent my weekends as a kid on the backside of Golden Gate Field. I've owned racehorses myself. My family has owned and bred racehorses since the early 1980s. I put myself through law school at night while working at Golden Gate Field. And for better or worse, I married a jockey. These are my own views and not representative of any of my clients and my employer.

So I'm perplexed at the prospect of Northern California racing going away under the auspices of supporting thoroughbred racing in California. It makes no sense. How is further consolidating racing to a single Stronach-owned track with a sprinkle of Del Mar and Los Al anything other than a monopoly of an industry? And rather than leaving this to the State Attorney General's Office for an antitrust investigation on a reactive basis, I believe it is the job of this Board to act proactively to prevent such a consolidation of power and to not bend to the threats of

the dominant player in the market.

California Business and Professions Code 19483 supports this principle by prohibiting the licensing of two or more racing operators with common ownership, except where it benefits this agency, but the industry. Maybe that means that in 1999 this Board made a mistake when it granted the former corporate iteration of the Stronach family dates at both Santa Anita and Golden Gate, but you can fix that mistake today.

I therefore ask the Board to support increased diversity amongst thoroughbred racetrack operators in the state of California and put a stop to the fear-mongering by the 800-pound gorilla. Grant the fairs the requested dates to continue our proud tradition of Northern California racing today.

And on a personal note, I'd like to know where my stepson's going to high school next year?

(Applause)

CHAIR FERRARO: Thank you very much.

MR. HAIRE: Mr. Chairman, Vice Chair, members of the Board, Darrell Haire, Western Regional Manager for the Jockeys' Guild.

Members of the Board, we've heard a lot today, how it's going to affect every -- all the trainers and owners, breeders, and jockeys in Northern California. And the

Guild's support is for racing in the North, for our jockeys. We have between 25 riders up in Northern California and it's going to just -- it's going to affect their lives, it's going to turn it upside down if there's no racing up in Northern California. And these are great athletes.

All we're asking is give the north a chance, give them a chance so racing can continue in the north because it will affect the South if it goes down for this, the breeding. We don't want to see racing die in California. We've got to do whatever it takes to keep it going and the north is essential.

(Applause)

CHAIR FERRARO: Thank you.

MR. GROBLEY: Hello. I'm William Antongeorgi. I know you heard from me last time. I just want to touch base again, you know, what it would do to families.

You know, a lot of us jocks have built a career here. I have a family that I support and, you know, if we don't get the dates, just, you know, give us a shot, and if we don't get the dates, for a lot of us jocks, we'll have to move. And, you know, that can severely impact a jockey's career if they have to move and go somewhere else, and who knows if they'll break in at new tracks and have to move to different states.

So, you know, just give us a shot please. Thank

you.

(Applause)

CHAIR FERRARO: Thank you.

MR. OROZCO: Hello. My name is Irving Orozco.

CHAIR FERRARO: Can you speak up a little bit, please?

MR. OROZCO: My name is Irving Orozco and thank you to the Board for giving us the opportunity to have our voice being heard.

I just want to piggyback on what both of my fellow mentors (phonetic) said. All I want to ask you guys is that -- I actually want to beg you guys to highly consider all of disruption that all of this can cause, from hotwalkers to grooms to exercise riders to enforcement to us jockeys, trainers, everybody involved. It's a very, very serious matter.

So again, I want to beg you guys to give the north an opportunity to keep this going and hopefully we can make it work.

(Applause)

CHAIR FERRARO: Thank you.

MR. THOMAS: Hi, my name is Jamey Thomas. I'm a trainer here at Golden Gate.

And I want to first start off with the TOC, Thoroughbred Owners of California. I don't know how Boards

work, but I have seven owners that are here right now that I can tell you that not one of the TLC people have spoken to them. I myself have been an owner. They have never spoken to me. So I don't know how they go around and getting ideas of what people want, what people think. I do know that all three of the people run mostly in Southern California So I would see no reason why they wouldn't want just Southern California racing.

Secondly, Commissioner Mitchell, the employees, you know, if we don't have racing here in Northern California, the employees are going to have to move anyway. So if we give them a chance, we put them over there, things work out, then it's great, everything's fine. If we don't get them a chance, we don't have racing, they're moving anyways, who knows where, you know? They got to uproot their family. At least from Golden Gate to Pleasanton, it isn't that far. So, you know, I'm sure that we can make it work.

The last thing is, everybody's talking about the money and the numbers and the purses. Well, we really don't know what the purses are going to be. We don't know how much money is going to be generated. We don't know how much it's going to cost. What I do know is we're running for nothing right now at Golden Gate Fields, \$103,000, we just want a chance to run. We want to show that we can make this

happen. And we need your guys' support to help us do that, to show that we can make this work.

Thank you very much.

(Applause)

CHAIR FERRARO: Thank you.

MR. HAYNES: I'm Mark Haynes (phonetic). I'm an owner/breeder here in California.

Commissioner Mitchell, your point to the families and stuff, Pleasanton could potentially provide a much better opportunity for the families. I've been told by the trainers, the owners and stuff, if we're all working together, we want what's best for everybody. So as far as advertising is concerned, we're going to try to get more owners involved. We're going to try to get everything we can to run this thing together.

The Stronach Group has done nothing in the last ten years to promote racing in Northern California. They've done everything they can to drive people from coming to the track. I'm going to give you two great -- two.

One day we were there, we had a group of people there, and they wanted to take a big picture, and they were having a great time. There was pigeon crap everywhere. Do you want to bring a prospective owner to that? That's The Stronach Group running that, okay?

So the people with the owners and the traders and

the breeders and all that working together, we're going to do the advertising. We're going to do the word of mouth. We're going to draw the people in there and make things happen.

You know, The Stronach Group has done nothing for us. And, you know, I'm with Jane, with the TOC, they had three people from Northern California, they were driven off the Board. They resigned because they couldn't get anything done because it was so Southern California-based.

So I'm hoping you get a vote. Give these guys a chance. I think this is going to be a great thing for the industry.

Thank you.

(Applause)

CHAIR FERRARO: Thank you very much.

MR. CARROLL: Good afternoon. My name is Jim Carroll. I'm the Business Agent and President of the Parimutuel Employees Guild. My members work throughout the state of California.

Like many other union brothers and sisters, the majority of our members have been a dedicated workforce in the horse racing industry for many decades. We all have seen too many closures of race tracks throughout the years, and we should not be restricted to racing only in Southern California.

Our members fully support the horsemen and all employees who stand behind continuing horse racing in Northern California.

Thank you.

(Applause)

CHAIR FERRARO: Thank you very much.

MS. LEGGIN: (Off mic.) Hi. I'm Chelsea Leggin (phonetic) and I'm here to represent the other community that you haven't heard from today (indiscernible).

I want to start off by saying that I have no financial stake in any way, I'm just a fan, but I felt it was really important to come here today and to support Northern California racing.

I've been a racing fan since I was a kid, going to Bay Meadows with my family. I live in Pleasanton now and I now bring my children to Alameda County Fair every year. I take them to Golden Gate Fields. And occasionally I get some adult time out and me and my girlfriends go out to the races and have some fun too, which is always nice. And it was great when we had the fall race with Oak Tree. It was really well attended and it was a nice break. Because after the fair, there's not often a lot of things to do in Pleasanton.

And there's no bigger joy than when you see the horse transport come in and you see the kids go, like,

"Horsey, mommy!" And even the adults' faces light up. And I know that we're creating new horse fans and new racing fans at the same time.

I can also attest to the fact that Pleasanton is a very family-friendly track. It's really easy to get to. We're at the 580-680 corridor. And just 30 minutes down the freeway is I-5.

Fair dates also motivate me and remind me, like, hey, there's some great summer meets down in Southern California. Usually, after the fair, I'm like hey let's go check out a weekend to go down to Del Mar. So not having meets and dates up here in Northern California also helps drive fans from here down to Southern California supporting statewide racing.

Again I'm here with no skin in the game. I'm not an owner. I'm not a breeder. I'm not a trainer. I'm just here as a passionate fan. I want to see racing continue in Northern California. I really encourage you guys to think about giving it an opportunity to thrive.

Thank you.

(Applause)

CHAIR FERRARO: Thank you.

MS. LONNBERG: My name is Linda Lonnborg and I started in Pleasanton in 1975 with my ex-husband, Fred Lonnborg, who's passed. We raised two kids on the racetrack

in Pleasanton, and it's a wonderful place to raise your kids. They have the great open fields. We played soccer with the kids. We used to have a skating rink there. The miniature golf was there. They had batting cages. It was super. And now my daughter's married to (indiscernible) Tom Georgie II (phonetic) and we have grandkids. And I really want to see the kids stay here in Northern California.

And I worked from -- training horses, I would go from Pleasanton to Golden Gate Fields and Bay Meadows. I worked the front side, so I know how everything runs. I know how clean it used to be. I was a 665. I used to work at Bay Meadows, and then they would send five of us to Golden Gate Field and work. I have never seen it so filthy as it is now.

And I feel sorry for the people that go to the Turf Club because I worked in the Turf Club for years And it was never like that. The windows were clean. The people, they loved going there, it had tons of people.

But anyway, I know, besides working at the track, I used to work in the Turf Club, and then they put me in the switchboard when The Stronach Group was there. Senator Maddy and Peter Tunney used to be there before. And Stronach, when they came in, they sent me into the switchboard and I had to open for the accounting, because they trusted me, and they had me come in and I opened checks

that came in from the simulcasts. All the monies, and I would record --

(Alarm chimes)

MS. LONNBERG: -- one second -- I'd go, I would record all this stuff. So I know how much money comes in to the north from the simulcast money that they collect. And that's the money that Southern California really wants. They don't want us to have anything. They don't want us to succeed.

We have succeeded. Pleasanton is a beautiful location. They're a barn area, from the barn area and then from the office.

(Applause)

CHAIR FERRARO: Okay. Okay. Thank you very much. Thanks.

MS. LONNBERG: So thank you.

CHAIR FERRARO: Thank you.

MS. JENNINGS: My name is Sarah Jennings and I am a breeder and an owner. I've stood here before in front of all of you to voice my opinion and concerns about my own future in the industry that I've grown up in, as well as all Northern California horsemen who are here, as well as the horsemen who could not make it to the meeting today. Today, I stand here with even more concern and worry about all of our futures in California horse racing.

As this letter has been presented to all of us, this is a desperate attempt for Southern California to cover themselves. We need to be united in this time to continue racing. None of us want to see California racing demolished. And that's just what might happen if we are not given the days in Northern California.

The families that have worked here for generations, where are they to go? I have heard a lot of "I understand" in these meetings that I've attended, but I don't believe you all understand what impact closing off Northern California will have all the people who live here and work here.

California is a much more affordable transition compared to Southern California. I'm sorry. Pleasanton is a much more affordable transition compared to Southern California, not only for workers, but for trainers, owners, breeders, and fans. What do we do without horse racing fans? And now we want to take away their love of watching live action horse racing?

How many statistics that we've heard here today prove and are actual evidence of what Northern California can do and can pull in. We're all awaiting a decision that we thought would be reached today to know where we stand, where our horses stand, where our family stands. It is not fair or just to have a letter proposed a few days prior to a

hearing we've all been waiting for by a party who is selfishly trying to take our continuance in Northern California race.

We have to stand together. We have to fight for our lives. Please help us continue our lives.

(Applause)

CHAIR FERRARO: Thank you very much.

MS. GRIFFIN: Good afternoon. I'm Danielle Griffin, part of the team here at Big Fresno Fair. And this is Ruben Gastelo, as well.

Horse racing has been a beloved tradition at our fair for over a hundred years. Our fair, our Board, and our community want to see horse racing continue in Fresno.

I'm standing here today to ask the Board to approve CARF's plan to give Northern California racing an opportunity to continue. We strongly believe that if the CHRB does not approve CARF's plan, and all racing moves to Southern California, that move puts the state one step closer to seeing all racing leave California in the next five to ten years.

At the Big Fresno Fair, we provide \$77.1 million in economic impact to Fresno County through our annual event, and a large part of that draw is live horse racing. It provides jobs in our community. Live racing alone provides 300 seasonal jobs at our fair. We draw in over 400

horses, trainers, owners, to our community, to Fresno County.

During our annual fair, we draw over 500,000 people, and that community looks forward to racing every year. It provides an opportunity for them to experience this tradition, where they might not go to other tracks, they might not travel out of our market, but they get to experience this industry, this incredible industry at our fair.

An approval of CARF's plan provides us the opportunity, the opportunity to see this new era of racing go through. If the CHRB chooses not to approve the plan today, or in the near future, you're making that decision for us. We don't have racing in Fresno. We don't get to see this tradition continue at our track.

So in closing, we just want to say we want to see horse racing stay in Fresno. We support CARF's plan, and thank you for the time.

(Applause)

CHAIR FERRARO: Thank you very much.

MR. TIPTON: Good afternoon. My name is John Tipton. I wanted to be one of the last speakers to make sure that nobody else brought these things up.

First of all, I want to address that ransom letter that was sent a couple days ago. You know, I own seven

companies. This is directed right to the ownership of The Stronach Group. It's threatening to close Santa Anita. It just tells you how much they don't give a darn about their dedicated employees that have been there for so long.

You know, I've been in business for 40 years and I got to know some of the employees down at Santa Anita and at Golden Gate. And a lot of their employees are dedicated. We love the sport. Everybody, you know, working for them loves the sport. To put a letter out like that, just threatening to close, just shows their integrity. They don't care about their employees. That's one thing.

The second thing, it says something about San Luis Rey Downs closing, you know, and costing so much money. There's empty stalls. Apparently, there's 450 empty stalls between Los Al and Santa Anita. Close San Luis Rey Downs. Get them up here. If there's that many empty stalls and it's costing that much, then close the darn thing.

My last point would be Pleasanton. Please give Pleasanton and us in Northern California the racing days they're asking for. Last July 9th, 2023, Pleasanton handled nearly \$4 million, which is pretty darn good. I don't know if you guys were aware of that or not.

But anyway, thanks for your time.

(Applause)

CHAIR FERRARO: Thank you very much.

UNIDENTIFIED MALE: Hi Commissioners. Good morning. I'm not great at this either, so bear with me a second.

My thoughts, I got into this game 15 years ago or something as a half owner of a horse. Now I've got four brood mares, 14 animals ready to run or whatever. I'm on the track nearly three days a week because of all my friends that are part-owners and breeders and everything. And knowing all the breeders that are over there, I can tell you one thing is you won't see them at the OBS there putting their hand up for a \$2 million colt.

Which brings to the point that us leaving here, going to Southern Cal, paying anywhere from \$120 to \$200 a day rate is not feasible. It's not possible. I'm out of the game if that's the case.

The other thing as far as Pleasanton goes, you ask how we're going to run Pleasanton, all the people that run Golden Gate are the same ones that are going to be in Pleasanton. We've never gotten help at Golden Gate Fields, advertising, anything. There's never been anything done. People drive by Golden Gate Fields and they don't even know it's there. So that's my point.

Anyway, thanks.

(Applause)

CHAIR FERRARO: Thank you.

MR. O'LEARY: Good afternoon, Commissioners. My name is Francis O'Leary and I'm an owner and breeder here in Northern California. I want to stay here in Northern California.

It doesn't make any sense for me to send my \$3,200 claimer to Southern California, named Continental Union, to pay \$140 a day to train him and he only gets to run maybe every eight weeks. He'd want to win every eight weeks to sustain paying \$140 a day to train them.

I'm here to ask you to approve these dates for Larry and his group so that we can continue racing here in the north, so I can continue breeding here in the north. And I have faith in you, Commissioners, to approve these dates for Northern California.

And as somebody had asked earlier, Greg Fravel, what was the effect of the purse cuts? Well, I can tell you about the effect of the purse cuts. Every day we're dealing with it and not only are they cutting purses but they're running like seven race cards.

Like on last Sunday, they ran seven races on St. Patrick's Day, one of the biggest racing days in racing throughout the world, not just here in California. And that's a shame that the people that I've supported, I have supported Golden Gate Fields, I have supported the fairs, but I have been involved in racing. And I fully intend to

support the racing at Pleasanton, if you grant us today, just give us a chance.

I thank you for your time.

(Applause)

CHAIR FERRARO: Thank you.

MR. RUBEN: Hello. Thank you. My name is Howie Ruben. I'm an owner and trainer. I started in the Arabian world and moved over to the thoroughbreds.

I've heard all the talk about feasibility of racing and fairs. I'd like to give you one example that I experienced up in Ferndale. It's a very small community. All you need to do is see the parking lot on a race day. It's packed. You go there on a non-race day, I'm not going to say it's empty, but virtually empty.

Racing needs California. California need racing. Northern California meets racing. Racing needs Northern California.

Thank you very much.

(Applause)

CHAIR FERRARO: Thank you.

MR. TAMAYO: Hello. Good afternoon. My name is Isidro Tamayo and I represent the voice and worries of every backstretch workers. I grew up there since I was 12, on the back side of Golden Gate Fields.

It breaks my heart that we're going to be seeing

Golden Gate Fields close but I think it's something that needs to happen. But by that, you know, we're asking for a chance of continuing racing in North California and being at Pleasanton. By denying the dates of racing at Pleasanton, the impact that that's going to have on every backstretch worker, those grooms, hotwalkers, they're not going to go to Santa Anita. They're not.

You know, I'm a trainer, but I'm also a father of three. I got two teenagers. I don't want to move to Southern California. You know, the impact it's going to have on my kids and other people's kids, it's going to be tremendous.

So we're only asking for a fighting chance. Just give us a chance.

Thank you.

(Applause)

CHAIR FERRARO: Thank you very much.

Well, let's maybe go through the Board and see where everybody's feelings are at the moment.

Commissioner Davis?

COMMISSIONER DAVIS: Well, my feeling is that we do need to make a decision today, that putting it off wouldn't help.

(Applause)

CHAIR FERRARO: I didn't catch you.

COMMISSIONER DAVIS: That's all I have to say.

CHAIR FERRARO: I didn't hear what you said.

COMMISSIONER DAVIS: I'm sorry. I said, I think we should make a decision today and not postpone.

(Applause)

COMMISSIONER MITCHELL: Yeah, I was undecided coming in, but I think based on the conversation that we've had and the ability of Northern California to actually put this together, if we don't make a decision today to give them dates, then it's going to delay everything. So I would be open to voting today, as well, with no delay.

(Applause)

CHAIR FERRARO: Mr. Chairman, I also believe that we have to make a decision one way or the other today. I believe this meeting with the outpouring of support, commitment, and what I see is a lot of leadership, and every single person knows this will not be easy.

I also believe that if the north gets the support it needs, that this part of the state recognizes that Southern California is going to need help. And I believe that this should be an opportunity to reset, the start mending fences, and let's get on with making California racing the best in the nation, the best in the world.

So I'm ready if this (indiscernible).

(Applause)

CHAIR FERRARO: Commissioner Hudnut?

COMMISSIONER HUDNUT: With respect to the big picture, I would like to encourage the participants today, the people from CARF, the people from CTT, the people from TOC, the people from 1st, I would really encourage them to get together in the spirit of trying to figure out California racing, because it is, as so many have pointed out a state issue, not a North California or a South California issue.

I would, frankly, be more comfortable voting on the dates for Northern California with a little more clarity on the finances, but I can understand the interest of my colleagues in moving forward, so I reserve judgment for the moment.

COMMISSIONER CASTELLANOS: Likewise, with Commissioner Hudnut, is that due to everything that has been said today and hoping that the groups can come together and come to some kind of conclusion, the stuff that we have spoken about, that information that we need to be a little more concrete, I would suggest that we do it next month. But again, at the support of the colleagues, it's up to them.

CHAIR FERRARO: So your vote would be on a motion? Okay.

(Yelling from the audience)

CHAIR FERRARO: Just hold on a minute. We're running this meeting, not you. Sit down.

He's gone. Alfieri is gone.

Okay, can we have a motion then?

VICE CHAIR GONZALES: I'd like to make a motion that the California Horse Racing Board allocate the race dates for 2024, realizing that this is just one of two steps, because the license meet application, which I believe is almost done, would satisfy any outstanding issues. And if at that time we feel that that license application falls short, we can then revisit it.

But for today, for purposes of providing certainty and clarity and towards unity, I believe that we have to take the important step today. So I move that we allocate the 2024 dates as requested by the legislature.

(Applause)

COMMISSIONER MITCHELL: Second.

CHAIR FERRARO: We have a motion and a second.

Commissioner Davis?

COMMISSIONER MITCHELL: I'm sorry. I just have a comment.

I would just like to say, I mean, I concur with Commissioner Gonzales that this is just the beginning. And certainly, you know, the press around this and the conversations that we all have been having with, you know,

people above our pay grade have sort of brought this to the forefront, so I think it's a good opportunity to actually continue this dialogue and really have a substantive conversation.

I think today is a first step in a long process of how we're going to figure out how to deal with Northern California and how to save it. So it's not, you know, this is one step, and we're going to move forward, but we wish you all the luck, and we're obviously supporting you, so --

(Applause)

CHAIR FERRARO: Go ahead. Your vote.

VICE CHAIR GONZALES: Well, there's a motion. There's a second. I think this is a discussion period.

That's right, Mr. Hudnut, yes.

COMMISSIONER HUDNUT: I have a question, please, for Mr. Gonzales. Would you clarify just a second? You said something about the licensing phase. I think that's important, so --

VICE CHAIR GONZALES: Yeah, well --

COMMISSIONER HUDNUT: -- please stage the discussion for us.

VICE CHAIR GONZALES: Sure. Sure. Well, as the gentlemen before us know, Larry and Jerome know, as any other racetrack management knows is allocating is a lot different than issuing a license. So we believe -- and the

license, the draft license that I have seen, I believe is close enough to be able to have us allocate. So I do believe that not only will this Board but the public and anyone else who's interested can put as big of a spotlight on the license application as would be necessary.

So that's really what I just wanted to make sure that people know that this is step one, as Commissioner Mitchell indicated. So again, my motion is to allocate the 2024 dates. It's been seconded. This is discussion period now.

HEARING OFFICER MARCROFT: And the licensing agreement will be presented --

CHAIR FERRARO: Next month.

EXECUTIVE DIRECTOR CHANEY: Whoa.

VICE CHAIR GONZALES: Mr. Chaney?

EXECUTIVE DIRECTOR CHANEY: No, it would probably -- typically for a meet that would begin mid-October, it would probably be August. Usually you hear it about a month and a half, the license application, for any track.

CHAIR FERRARO: Mr. Castellanos, do you have anything else to say? No? No?

VICE CHAIR GONZALES: Let's call the question.

CHAIR FERRARO: I just want to make the same comment. We have some questions here that haven't been

answered, some specifics, and we'll get staff to present those to. When it comes time for your racing application, you can answer those questions; all right?

You heard, this is a serious fiduciary responsibility the Board has taken on here with you, and so we do expect some more information coming from you.

In the long run, where we vote, I would say this is, it's increasingly clear to me that if racing is going to survive in California at all, we can't make two circuits. We have to make one circuit. So leaving this room, the leaders of this industry, we can't do it, you need to get together and figure out how you can have a one circuit north and south meet where you're not conflicting with each other, where you're benefiting each other. It's the only way racing is going to survive in California is to have a single meet that goes north and south. It was done back in the '50s and '60s. It could certainly be done again.

So that's my comment. And we'll take the vote.

Commissioner Davis?

COMMISSIONER DAVIS: Yes.

CHAIR FERRARO: Commissioner Mitchell?

COMMISSIONER MITCHELL: Yes.

CHAIR FERRARO: Commissioner Hudnut?

COMMISSIONER HUDNUT: Yes.

CHAIR FERRARO: Commissioner Castellanos?

COMMISSIONER CASTELLANOS: Yes.

CHAIR FERRARO: And the Chairman.

(Applause)

CHAIR FERRARO: Believe it or not, we have some more business to do, so I thank you all for your participation and coming in.

(Pause)

EXECUTIVE DIRECTOR CHANEY: Can we have folks either leave the room or stifle your discussions, please? We're not done.

I can just go. No one's going to listen anyway.

CHAIR FERRARO: What?

EXECUTIVE DIRECTOR CHANEY: I can just start. No one's going to listen to me anyway.

CHAIR FERRARO: Go ahead. Executive Director's Report, please.

EXECUTIVE DIRECTOR CHANEY: Sure.

CHAIR FERRARO: No. Go ahead.

EXECUTIVE DIRECTOR CHANEY: Okay.

CHAIR FERRARO: She doesn't care.

EXECUTIVE DIRECTOR CHANEY: Thank you, Mr. Chairman, and good morning, Commissioners.

I will begin with the handle report. Given that we did not hold a meeting in February, we relay the handle information for the first two months of the calendar year.

For January and February, day racing is down five percent, night racing is down three percent, and total handle is down four percent as compared to the first two months of 2022.

Next, and finally, given the recent focus on purse accounts and overpayments, staff is working on some changes to the Race Meet Application that would be designed to further provide clarity and information to the Board when making decisions regarding licenses to race. More broadly, it provides an indication with respect to the current economics of horse racing and, frankly, an education to licensees to better understand how purse money is generated and paid.

And that, Mr. Chairman, is my report.

CHAIR FERRARO: Thank you very much.

Dr. Blea?

What time is it now? Oh, it's only 1:30. We're not too bad. What did I say, one o'clock. I'm not too off.

DR. BLEA: Good afternoon, Chairman Ferraro, Vice Chairman Gonzales, and members of the Commission.

On Saturday, April 5th, HIWU and Drug-Free Sports will be at Santa Anita to observe the test-borne processes that we employ on a daily basis. Our team down there is one of the best in the country.

On a sad note, which may be news to some of you, Dr. Ron Jensen, who was known as Swede, passed away at his

home unexpectedly from a heart attack on February 12th, 2024. He was a leader in the world of equine medicine and racing regulation who served as equine medical director at UC Davis until 2007. Ron was very progressive in his outlook towards the use of horses in racing and understood the intricate balance between the sport of horse racing and putting the health and welfare of the horse first.

Donations honoring Dr. Jensen may be given to support students at UC Davis, the College of Veterinary Medicine, the College of Veterinary Medicine at Iowa State University, and the Kiwanis Club of Davis Foundation.

In addition, a celebration of life in honor of Ron "Swede" Jensen will take place on April 7th from 1:00 to 4:00 p.m. at El Macero Country Club in Davis, California.

Earlier this week, the annual Racing Medication and Testing Consortium Regulatory Vet CE took place at Santa Anita on Monday and Tuesday. This event offers 16 hours of continuing education credit created specifically for racing regulatory veterinarians. RegVet CE is the RMTTC's annual continuing education offering with educational content directed at the specialized needs of racing regulatory veterinarians. RegVet CE has gained international recognition for its quality and content attracting registrants not only domestically but from five continents.

Moving on to fatalities, in the month of January,

there were seven musculoskeletal fatalities and four non-musculoskeletal fatalities, including one sudden death. Of the 11 fatalities, 4 occurred in racing, 4 occurred in training, and 3 were disease-condition-related fatalities. In the month of February, there were three musculoskeletal fatalities, two sudden death episodes, and one medical colic. There were zero fatalities in racing, five fatalities in racing, and one disease condition related fatality.

The Maddy Lab, regarding all CHRB testing in January, analyzed 451 primary blood and urine pulse rate samples, including 11 official work bloods. Additionally, 252 out-of-competition samples were analyzed. In all samples tested, there were five Class 3 findings, including one TCO2 violation at Cal Expo. In February, the Maddy Lab analyzed 397 primary blood and urine post-race samples, including five official workloads. Furthermore, 223 out-of-competition samples were analyzed. There were no medical -- there were no medication violations in CHRB testing identified in February.

This concludes my report, and I'm happy to answer any questions.

CHAIR FERRARO: Thank you very much, Dr. Blea.

Are we ready for closed session?

EXECUTIVE DIRECTOR CHANEY: Yeah, I think.

CHAIR FERRARO: Do we have anybody signed up for public comment, by the way?

EXECUTIVE DIRECTOR CHANEY: We don't.

CHAIR FERRARO: No?

EXECUTIVE DIRECTOR CHANEY: So that's agenda item number nine.

CHAIR FERRARO: Yeah. All right, no public comment.

EXECUTIVE DIRECTOR CHANEY: We've got to close a few -- we do have a few closed session items. So, sadly, we're going to have to ask folks to leave the room, and it will probably be about 20 minutes or so.

(The Board recessed into closed session from 1:28 p.m. until 1:27 p.m.)

CHAIR FERRARO: Can I have a motion to adjourn, please?

COMMISSIONER DAVIS: Davis moves.

CHAIR FERRARO: Second?

VICE CHAIR GONZALES: Gonzales seconds.

CHAIR FERRARO: Commissioner Hudnut?

COMMISSIONER HUDNUT: Yes.

CHAIR FERRARO: Commissioner Castellanos?

COMMISSIONER CASTELLANOS: Yes.

CHAIR FERRARO: Commissioner Gonzales?

VICE CHAIR GONZALES: Yes, sir.

CHAIR FERRARO: Commissioner Mitchell?

COMMISSIONER MITCHELL: Please.

CHAIR FERRARO: Brenda Davis?

COMMISSIONER DAVIS: Yes.

CHAIR FERRARO: And the Chairman votes yes.

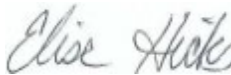
(The regular meeting of the California Horse Racing Board
adjourned at 1:28 p.m.)

CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of March, 2024.



ELISE HICKS, IAPRT CERT**2176

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

March 25, 2024