

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of: )

)

Regular Meeting )

)

CALIFORNIA EXPOSITION AND STATE FAIR GRANDSTAND

1600 EXPOSITION BOULEVARD

SACRAMENTO, CALIFORNIA

THURSDAY, MAY 16, 2024

9:30 A.M.

Reported by:

Martha Nelson

APPEARANCES

BOARD MEMBERS

Gregory Ferraro, Chair

Oscar Gonzales, Vice Chair

Dennis Alfieri, Commissioner

Brenda Washington Davis, Commissioner

Thomas Hudnut, Commissioner

STAFF

Scott Chaney, Executive Director

Jeff Blea, Equine Medical Director

ALSO PRESENT

Larry Swartzlander, California Authority Of Racing Fairs,  
Alameda County Fair

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

Orlando Gutierrez, Los Alamitos Race Course

Andrew Silver, Churchill Downs Technology Initiative Company

William Alempijevic, AmWest Entertainment

Rick Baedeker, So Cal Off-Track Wagering

Richard Borba, Gaslamp Tavern

Jacqueline Bell, Game Play Network

Josh Rubinstein, Del Mar Thoroughbred Club

Bill Nader, Thoroughbred Owners of California

Vic Shada, Teamsters

Michael Margetts, Sonoma County Fairgrounds

APPEARANCES

ALSO PRESENT (cont.)

Christopher Schick, Watch and Wager

David Neumeister, California Harness Horsemen's Association

Rick English, Los Alamitos Quarter Horse Racing Association

PUBLIC COMMENT

Patrick Larkin, Teamsters

Marcos Escalante, Teamster Local 495

Jonathan Pinney, Teamsters Local 853

Mauricio Andrada, CEU-USWW

Oswaldo Calderon

Carmen Sandoval

## INDEX

	<u>PAGE</u>
<u>Action Item:</u>	
1. Approval of the minutes of April 18, 2024	10
2. Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the Alameda County Fair at Pleasanton, commencing June 12, 2024, and continuing through July 9, 2024, inclusive.	10
3. Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the Los Angeles County Fair at Los Alamitos, commencing June 19, 2024, and continuing through July 9, 2024, inclusive.	23
4. Discussion and action by the Board regarding an Amendment to the Application to conduct Advance Deposit Wagering (ADW) by provider Churchill Downs Technology Initiatives Company dba TwinSpires and dba BetAmerica, pursuant to Board Rule 2072(1).	26
5. Discussion and action by the Board on the Application for approval to conduct Advance Deposit Wagering of AmWest Entertainment, LLC,	28

## INDEX

	<u>PAGE</u>
<u>Action Item:</u>	
an out-of-state multi-jurisdictional wagering hub, for a period of up to two years.	
6. Discussion and action by the Board on the new Application for license to operate a minisatellite wagering facility at Gaslamp Tavern LLC, San Diego, California, for a period of up to five years.	29
7. Discussion and action by the Board regarding an Amendment to the application for the Advance Deposit Wagering provider Game Play Network, Inc., pursuant to Board Rule 2072(1).	34
8. Discussion and action by the Board regarding creation of the Board support formula for fiscal year 2024-2025.	36
9. Reports	76
A. Executive Director's Report	
B. Equine Medical Director's Report	
10. Public Comment: Communications, reports, requests for future actions of the Board.	84
Note: During the public comment period, a total	

## INDEX

PAGEAction Item:

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.

Closed Session:

11. Closed Session: For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code. 90
- 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

## INDEX

PAGEClosed Session:

administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).

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

12. Adjournment

90

1  
2 P R O C E E D I N G S

3 9:32 A.M.

4 THURSDAY, MAY 16, 2024

5 CHAIR FERRARO: Ladies and gentlemen, this meeting  
6 of the California Horse Racing Board will please come to  
7 order. This is the regular notice meeting of the California  
8 Horse Racing Board on Thursday, May 16, 2024, at the  
9 California Exposition and State Fair Grandstand in  
10 Sacramento, California.

11 Present at today's meeting are: myself, Dr.  
12 Gregory Ferraro, Chair; also Oscar Gonzales, Vice Chair;  
13 Dennis Alfieri, Commissioner, will join us shortly; Brenda  
14 Washington Davis, Commissioner; Thomas Hudnut, Commissioner;  
15 and Scott Chaney, our Executive Director. Commissioner  
16 Davis [sic] Castellanos and Commissioner Wendy Mitchell will  
17 not be able to join us this month.

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

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

1           Unsolicited speakers are limited to two minutes.  
2 During all public comments, a tone will sound to indicate  
3 the speaker's time is up. The Board may ask questions of  
4 individuals who speak, which may extend their two-minute  
5 time limit.

6           There are public comment sign-in sheets located at  
7 the designated table to my right for each agenda item on  
8 which the Board invites comments. There is also a sign-in  
9 sheet for those wishing to speak during public comment  
10 period or matters not on the Board's agenda if it concerns  
11 horse racing in California. Please print your name legibly  
12 on all sign-in sheets.

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

19           I will insist that all speakers stay strictly on  
20 topic for each agenda item. If a speaker strays off topic,  
21 I will ask to move to the next speaker. If a speaker  
22 repeats themselves, I will ask the speaker if you have any  
23 new comments to make. If there are none, the speaker will  
24 be asked to let others make comments to the Board.

25           If anyone has comments of a more general nature

1 that are not specific to earlier agenda items, those  
2 comments must wait until agenda item number 9, Public  
3 Comment. There will be a 30-minute time limit for public  
4 comment. In order to allow as many individuals to speak  
5 within that time limit, I will strictly enforce the two  
6 minute limit for each uncontrolled unsolicited speaker.

7 And with that, we'll begin the meeting by looking  
8 for approval of our minutes. Can I have a motion to  
9 approve?

10 COMMISSIONER HUDNUT: So moved. Hudnut.

11 VICE CHAIR GONZALES: I'll second.

12 CHAIR FERRARO: Commissioner Davis?

13 COMMISSIONER DAVIS: Yes.

14 CHAIR FERRARO: Commissioner Gonzales?

15 VICE CHAIR GONZALES: Yes.

16 CHAIR FERRARO: Commissioner Hudnut?

17 COMMISSIONER HUDNUT: Yes.

18 CHAIR FERRARO: And the Chairman votes yes.

19 Moving on to item number two, discussion and  
20 action by the Board on the Application for License to  
21 Conduct a Horse Racing Meeting of the Alameda County Fair at  
22 Pleasanton, commencing June 12, 2024, and continuing through  
23 July 9, 2024, inclusive.

24 Gentlemen, welcome.

25 MR. SWARTZLANDER: Good morning, Chairman and

1 Commissioners. Larry Swartzlander, Executive Director of  
2 CARF, also the director of Racing at the Alameda County  
3 Fair. I'm here with Jerome Hoban, the CEO of the fair.  
4 I'll let Jerome answer all the specific questions, and I'll  
5 give you a general overview.

6 Two days ago we did reach a final agreement with  
7 the TOC. Bill Nader and I thought it was very accommodating  
8 that, you know, that we have to establish a new meet here,  
9 it's a new year and that things went well and that we're  
10 going to make things work out.

11 The Alameda County Fair will run four weeks again  
12 this year, 13 race days. Stakes program, we still have the  
13 same five stakes we've had previously. The last day of the  
14 meet will again have the Pleasanton Mile, which was a big  
15 event last year. And that we did have to cut one stakes  
16 race, \$25,000, and we also did reduce overnights by  
17 \$186,000. That was a reflection of it. Every year when we  
18 do our projections, a handle at Golden Gate has been down  
19 ten percent. So when we do a projection, we have to reflect  
20 that so we don't get in a major purse overpayment status.

21 That pretty much summarizes the racing side of it.  
22 I'll turn it over to Jerome.

23 MR. HOBAN: Good morning. Thank you for hearing  
24 our license today. Jerome Hoban, CEO of the Alameda County  
25 Fair. I left you some marketing materials on your table

1 that you can browse through, but we're extremely excited  
2 about this year's fair race meet and the fair itself.

3           Highlights outside of the technical side of racing  
4 might be just to draw your attention to the insert in this  
5 small packet, but every night the fair does a massive drone  
6 show to bring people to the track, as well as two nights of  
7 fireworks. The big debut is the \$150,000 Pleasanton Mile on  
8 the last weekend. We did that last year, so we think it's  
9 going to be even stronger this year.

10           And then the three, what I would consider major  
11 promotional events on track, is the Big Fireworks Show, the  
12 Wine Festival, and the Brew Fest. These each draw over, you  
13 now, 2,000 extra people to the track.

14           The marketing campaign for the fair, you know, in  
15 full value is about \$2 million in marketing, all of which  
16 bleeds into the horse racing side of the world, but there's  
17 also a dedicated buy of about \$75,000 for horse racing  
18 related to ADW and the very specific publications for horse  
19 racing, so we're very excited.

20           In addition, you know, we have traditional fair  
21 event kind of things, such as 17 great concerts. I don't  
22 know who's a fan of what concert but, you know, we'll have  
23 Hunter Hayes and E-40 and a traditional list. And that list  
24 is still growing. They're not all published yet.

25           So I can answer any questions specifically to the

1 fair race meet. And we're very excited to get started.

2 CHAIR FERRARO: Any questions from the Board?

3 COMMISSIONER HUDNUT: Yes. Yes, Commissioner.

4 CHAIR FERRARO: Go ahead, Tom.

5 COMMISSIONER HUDNUT: I just, I want -- first of  
6 all, I want to thank Larry. He received a lengthy list of  
7 questions from some of us about what the plans really  
8 entailed, and he did a lot of work in responding to us, and  
9 I'm very grateful to him for that. We definitely want to  
10 see everything go well and succeed.

11 I do have a couple of questions, though.

12 Based on 120 thoroughbred races, do you really  
13 have the horse population to support 120 races? And what  
14 are you looking for in terms of field size, Larry?

15 MR. SWARTZLANDER: That certainly is a concern,  
16 Commissioner. And what I'm really enthused about is the  
17 fact that we have 1,050 stall applications, which is 200  
18 more than we had last year.

19 COMMISSIONER HUDNUT: Oh, that's great.

20 MR. SWARTZLANDER: It's a good picture. And right  
21 now, we're putting up new stalls, you know, we have another  
22 260, and then another 110, and that, you know, we're looking  
23 at 1,100 horses already coming in by the end of the summer,  
24 so it's very positive in that vein. It's like I feel very  
25 comfortable with that, that we'll -- you know, we always

1 want to have it at seven, seven and a half, and I think this  
2 year we'll make it.

3 COMMISSIONER HUDNUT: Good. Even with the new 200  
4 stalls, you still don't have enough stalls on site for the  
5 horse population that you project. And you don't yet, or at  
6 least, you know, what we saw, don't yet have agreements with  
7 Golden Gate and, who else, Golden Gate and Cal Expo for  
8 additional stabling. So where those horse is going to be  
9 held?

10 MR. SWARTZLANDER: No, Cal Expo is an auxiliary  
11 stable. It will be open.

12 COMMISSIONER HUDNUT: Okay.

13 MR. SWARTZLANDER: And, yes, when you count them  
14 all up, Commissioner, there's -- we have a 660, and then 264  
15 will be put up in the next ten days, then we have another  
16 106. So we'll be pushing over 1,100 stalls just a pleasant  
17 in by the end of the summer.

18 COMMISSIONER HUDNUT: And one question more.  
19 Fifteen bucks for parking is a little steep at a racetrack.  
20 May I assume that that's the fee to get you in for the whole  
21 day at the fair or is that just for racing? And then charge  
22 them for programs, too, I see, which are given away free  
23 down in the south.

24 MR. HOBAN: Yeah, the \$15.00 charge for parking is  
25 the venue parking fee year round. Every event pays that, as

1 well as at fair time. This license is specific for the fair  
2 racing. But when we move later on into October and we're  
3 talking about Golden State racing, the grandstand is free,  
4 it's a free event, similar to how we did Oak Tree at  
5 Pleasanton back in 2017.

6 COMMISSIONER HUDNUT: So, okay, all right. Thank  
7 you.

8 Those are my questions, Mr. Chair.

9 CHAIR FERRARO: Go ahead, Scott.

10 EXECUTIVE DIRECTOR CHANEY: I kind of gave you  
11 fair warning these were coming.

12 Could you talk a little bit about like current  
13 purse account, like kind of where it is right now, and then  
14 average daily purses, just for more like stakeholder  
15 education, for the CHRB's education, maybe like how it  
16 compares to last year at the meet, and then maybe even like  
17 compares to Golden Gate, which is just ending or the next  
18 fair, just to -- just kind of want to get it into the  
19 atmosphere because it's obviously going to be important over  
20 the next few months?

21 MR. SWARTZLANDER: Yeah. The purse account right  
22 now on the fairs is \$47,000 underpaid, with our projections  
23 through the through the meets this year with the reductions.  
24 And, also, you understand, too, the Humboldt County Fair  
25 that, when you run un-overlapped at Humboldt, we do get a

1 bump to our purse account. For example it --

2 EXECUTIVE DIRECTOR CHANEY: But the \$47,000  
3 underpaid, you mean for the entire CARF summer?

4 MR. SWARTZLANDER: CARF meet. Yeah, that's  
5 everybody's.

6 EXECUTIVE DIRECTOR CHANEY: Got it.

7 MR. SWARTZLANDER: It's a consolidated meet.

8 EXECUTIVE DIRECTOR CHANEY: How much is in the  
9 purse account right now? I mean, do you guys those numbers?

10 MR. SWARTZLANDER: That's what I said, \$47,000 in  
11 the purse account.

12 EXECUTIVE DIRECTOR CHANEY: Today?

13 MR. SWARTZLANDER: Today.

14 EXECUTIVE DIRECTOR CHANEY: Got it.

15 MR. SWARTZLANDER: And, obviously, that you'd like  
16 to have as much as you can in there, but I think we did well  
17 in that we've done a good projection this year. And based  
18 on the scheduling we have with Humboldt and the small  
19 reduction in purses and stakes, I'm looking at, you know,  
20 coming out basically even again this year.

21 EXECUTIVE DIRECTOR CHANEY: That's the goal.

22 MR. SWARTZLANDER: The goal.

23 EXECUTIVE DIRECTOR CHANEY: And normally, and I  
24 hope I'm not talking out of school here, but normally  
25 Pleasant, Alameda County Fair itself, you plan to be

1 overpaid --

2 MR. SWARTZLANDER: Oh, yeah.

3 EXECUTIVE DIRECTOR CHANEY: -- and that's made up  
4 on the back end through the rest of the fairs?

5 MR. SWARTZLANDER: Yeah. We all understand that  
6 Alameda has the highest level of races so that you have a  
7 lot of allowance and stakes races there.

8 EXECUTIVE DIRECTOR CHANEY: And what's average  
9 daily?

10 MR. SWARTZLANDER: \$160,000.

11 EXECUTIVE DIRECTOR CHANEY: \$160,000. And how  
12 much does it compare to last year? It's a little bit less;  
13 right?

14 MR. SWARTZLANDER: A little bit less.

15 EXECUTIVE DIRECTOR CHANEY: What was last year?

16 MR. SWARTZLANDER: \$154,000 -- oh, excuse me, it  
17 would have been about \$170,000 last year.

18 EXECUTIVE DIRECTOR CHANEY: Got it. Okay.

19 CHAIR FERRARO: Anything else? Any other  
20 questions?

21 VICE CHAIR GONZALES: Oh, I do, Mr. Chairman.  
22 Just a couple of questions.

23 Larry, I read about Arizona, you know, striking  
24 some kind of a deal to continue racing there. Anything we  
25 should know? Just I guess it's fair to say that, you know,

1 what we're doing here in California may be comparable kind  
2 of, you know, class-wise and so forth in terms of caliber of  
3 origin. But anything we should know on that Arizona  
4 situation and how it might impact us?

5 MR. SWARTZLANDER: Yeah. I think I told the Board  
6 previously that my racing secretary and I went over there a  
7 couple weeks ago, you know, to get the temperature of the  
8 owners and trainers on the backside. This year we do have  
9 quite a few owners and trainers over there, you know,  
10 because this year, because of an agreement they made with  
11 the state on sports wagering, they received a significant  
12 amount of money for purse augmentation. So the purses  
13 actually were better than they were at Golden Gate.

14 But that will not be true in this three-year  
15 extension. That money will no longer exist. They'll go  
16 back to the first level that they had, which is probably 20  
17 to 30 percent less than we have here on the fairs.

18 And, you know, do I look at them as competition?  
19 You know, they run through May and then they shut down for  
20 the fair meets and, no, they're not any competition. We get  
21 a lot of these owners and trainers to come.

22 And based on our recruitment over there, we did  
23 get two or three new trainers that have 50, 60 horses in  
24 their stable that are coming over this year. And they like  
25 that what they see it's going on in the north. They see

1 some stability. They see that we're going to take over  
2 racing. They've raced in the fairs before. They have trust  
3 in what we do and I think it's going to be great.

4 VICE CHAIR GONZALES: Great. Thank you.

5 And then my second, it's more of a comment. I  
6 just want to thank you both, and others who may be here in  
7 the room and probably listening about the preparations that  
8 we have been doing coordination-wise, these weekly meetings  
9 that we're doing, probably going on for a month and a half,  
10 because this move This fair will be like no other. I know  
11 in the last couple years Golden Gate closed, but it wasn't  
12 an entire move, and this is requiring a lot.

13 So just for the folks that are involved,  
14 particularly those that are servicing, the backstretch  
15 workers, I think we've covered a lot of ground a lot of T's  
16 are being crossed and I's are being dotted in that regard.  
17 So I know, let's say, within the next week, we're going to  
18 be doing a meeting with the veterinarians, who are We're  
19 very interested in wanting to make sure that safe racing  
20 continues.

21 So best of luck to you guys.

22 MR. SWARTZLANDER: Thank you, Commissioner.

23 MR. BARTRIDGE: Thank you, Commissioner. I also  
24 want to thank you for your leadership and guidance through  
25 that process and setting up those weekly meetings because

1 having that communication flow, it puts everybody at more  
2 ease. Even if we don't have the perfect answer, we're  
3 getting to the answer and we're taking care of the families,  
4 we're taking care of the grooms and making sure everybody  
5 knows the game plan, because this has not been done in  
6 recent times, so you know, certainly we haven't done it, so  
7 we appreciate it all. And also the leadership of Mr. Chaney  
8 has been helpful, too, so thank you.

9 MR. SWARTZLANDER: Commissioner, just one other  
10 thing, a little more clarification on these committee  
11 meetings, obviously, that I deal daily with CTT and the TOC  
12 but we have basically three, three different committees in  
13 the north.

14 One is a committee that meets every week between  
15 Pleasanton and Carver, obviously working all the internals  
16 of what the what the meets could require in the future.

17 Then we have a Golden State Advisory Group that  
18 meets on Wednesdays, that we have representatives of  
19 breeders, owners, trainers, and backstretch personnel. So  
20 it gives us a good transparency and representation of  
21 everything that's going on. Everybody knows what we're  
22 doing and where we're going.

23 And, Mr. Chairman Gonzales has put together this  
24 other committee that where we have really the focus is the  
25 backstretch. As you know, the back stretches, on the fairs,

1 it's usually sort of transitory and it's not that big of an  
2 issue but it's a big issue now. And we're doing a great job  
3 with his leadership and making sure all the transition and  
4 everybody's moved over in orderly fashion.

5 CHAIR FERRARO: Anyone else?

6 COMMISSIONER DAVIS: I just want to say, I love  
7 fairs, and best of luck this year.

8 MR. SWARTZLANDER: Thank you.

9 COMMISSIONER DAVIS: I hope it goes really well.

10 CHAIR FERRARO: Do we have a public comment on  
11 this? None.

12 EXECUTIVE DIRECTOR CHANEY: If I may, Mr.  
13 Chairman.

14 CHAIR FERRARO: Yeah, go ahead.

15 EXECUTIVE DIRECTOR CHANEY: Just one more note for  
16 the Board.

17 Really appreciate, as the public probably knows,  
18 or maybe not know, the TOC agreement was late coming in. It  
19 has been -- the Board packet on our website has been amended  
20 and it now includes that. Normally, we'd be pretty upset  
21 that we got a late document, and it's not ideal. But I do  
22 want to say that Jerome and Larry and Bill and Gary on the  
23 TOC part did yeoman's work over the last ten days to kind of  
24 come to agreement. I know it's been a little, you know,  
25 difficult few months, I would say, but really impressed with

1 their willingness to kind of come together.

2 Two notes kind of for the Board, in that TOC  
3 agreement they made some -- they did do some -- they did  
4 make some progress in terms of the GS Army that comes in  
5 October in terms of number of race days and races and so on,  
6 purse levels.

7 And the one other thing just to note is rather  
8 than the dark week, the last week of Ferndale will now be a  
9 race week with three days of racing at Fresno, making five  
10 total.

11 But really appreciate your work. Thank you.

12 MR. SWARTZLANDER: Thank you.

13 CHAIR FERRARO: All right, do we have a motion?

14 COMMISSIONER DAVIS: Davis moves.

15 COMMISSIONER HUDNUT: I'll second.

16 VICE CHAIR GONZALES: Second. Yeah, I'll pull  
17 out.

18 CHAIR FERRARO: Commissioner Hudnut?

19 COMMISSIONER HUDNUT: Yes.

20 CHAIR FERRARO: Commissioner Gonzales?

21 VICE CHAIR GONZALES: Yes.

22 CHAIR FERRARO: Commissioner Davis?

23 COMMISSIONER DAVIS: Yes.

24 CHAIR FERRARO: And the Chairman votes yes.

25 Good luck gentlemen.

1 MR. SWARTZLANDER: Thank you.

2 MR. HOBAN: Thank you.

3 CHAIR FERRARO: Number three, discussion and  
4 action by the Board on the Application for License to  
5 Conduct a Horse Racing Meeting of the Los Angeles County  
6 Fair at Los Alamitos, commencing June 19th, 2024, and  
7 continuing through July 9th, 2024, inclusive.

8 Gentlemen?

9 MR. GUTIERREZ: Good morning, Commissioners,  
10 members of the Board. My name is Orlando Gutierrez from Los  
11 Alamitos Racecourse on behalf of the L.A. County Fair Meet  
12 at Los Alamitos.

13 The fair meet will start on Saturday, June 22nd.  
14 It will be an eight-day meet, and we're going to try a  
15 little bit of a slight different schedule this year. We  
16 will run Saturday and Sunday on opening week, and follow  
17 with another Saturday and Sunday during the second weekend  
18 of the meet. The reason for that is we're going to have a  
19 four-day meet during 4th of July, which will be on Thursday,  
20 so we will run from Thursday through Sunday during that  
21 closing week. We think it will be, it will give us the best  
22 chance to have a very successful meet.

23 In addition, every Saturday of the meet we'll have  
24 we'll feature a stakes race beginning with the Bertrando  
25 (phonetic) on opening weekend. The following Saturday will

1 be the Los Alamitos Derby, and we'll conclude with our  
2 feature race of the meet, which is the Great Lady M Stakes.

3 Starting on that opening Saturday, I think we'll  
4 get the meeting rolling and we're looking forward to a very  
5 successful meet. On behalf of the L.A. County Fair, we'd  
6 like to have the request for application be approved for the  
7 meet. And again, that will start on June 22nd.

8 Thank you. Any questions?

9 CHAIR FERRARO: Questions from the Board?

10 COMMISSIONER HUDNUT: No.

11 CHAIR FERRARO: Scott?

12 EXECUTIVE DIRECTOR CHANEY: Yes, so everybody gets  
13 the same treatment.

14 What's the purse level? What's the purse account  
15 like now? And what are your purse levels going to be, you  
16 know, average daily purse distribution for this meet? And  
17 then kind of compare it to what you did last year just for  
18 our edification.

19 MR. GUTIERREZ: Yeah, currently the purse account  
20 is overpaid by \$200,000.

21 EXECUTIVE DIRECTOR CHANEY: \$200,000?

22 MR. GUTIERREZ: Yes.

23 EXECUTIVE DIRECTOR CHANEY: Okay.

24 MR. GUTIERREZ: And as far as the difference in  
25 purses from last year, they'll be slightly down, ten

1 percent, this week compared to last year. The Los Alamitos  
2 Derby will be \$100,000 race. Last year it was \$125,000  
3 race.

4 EXECUTIVE DIRECTOR CHANEY: Do you know how much  
5 you're giving out per day?

6 MR. GUTIERREZ: Yes. It is, for non-stakes  
7 races, approximately \$225,000.

8 EXECUTIVE DIRECTOR CHANEY: Okay.

9 MR. GUTIERREZ: Last year it was \$256,000.

10 EXECUTIVE DIRECTOR CHANEY: Okay, so about  
11 \$25,000, well, a little more than that, less?

12 MR. GUTIERREZ: Yes.

13 EXECUTIVE DIRECTOR CHANEY: Okay, that's it.

14 CHAIR FERRARO: Anyone else have questions?

15 Do we have any public comment? No?

16 Do we have a motion?

17 COMMISSIONER DAVIS: Davis moves.

18 COMMISSIONER HUDNUT: Hudnut second.

19 CHAIR FERRARO: Commissioner Davis?

20 COMMISSIONER DAVIS: Yes.

21 CHAIR FERRARO: Commissioner Gonzales?

22 VICE CHAIR GONZALES: Yes.

23 CHAIR FERRARO: Commissioner Hudnut?

24 COMMISSIONER HUDNUT: Yes.

25 CHAIR FERRARO: Commissioner Alfieri, do you want

1 to vote on number three?

2 COMMISSIONER ALFIERI: Yes. I mean, that's fine.  
3 I know what they're doing.

4 CHAIR FERRARO: And the Chairman votes yes.  
5 Congratulations, gentlemen.

6 MR. GUTIERREZ: Thank you so much.

7 CHAIR FERRARO: And good luck on your meet.

8 MR. GUTIERREZ: Thank you.

9 CHAIR FERRARO: Now, number four, discussion and  
10 action by the Board regarding an Amendment to the  
11 Application to conduct Advance Deposit Wagering (ADW) by  
12 provider Churchill Downs Technology Initiatives Company dba  
13 TwinSpires and dba BetAmerica, pursuant to Board rule  
14 2072.

15 Mr. Silver?

16 MR. SILVER: Good morning, Chairman,  
17 Commissioners, and staff. Andrew Silver. I'm Corporate  
18 Counsel with Churchill Downs Technology Initiatives Company.

19 I'm here before the Board with a narrow request to  
20 amend our ADW application to replace our prior corporate  
21 secretary Chad Riney, actually, with myself as I'm stepping  
22 into that role. Mr. Riney is remaining with our parent  
23 company but has stepped into a new role in the organization,  
24 and so we're just seeking to modify our application to have  
25 the correct folks on file with you all.

1 CHAIR FERRARO: Any questions from the Board?

2 COMMISSIONER HUDNUT: No.

3 CHAIR FERRARO: You're just changing your name,  
4 basically; right?

5 MR. SILVER: I'm keeping my name.

6 CHAIR FERRARO: Yeah, right.

7 MR. SILVER: But, yes, we are changing the name.

8 CHAIR FERRARO: Yeah.

9 Any comments from the Board? Do we have a motion?

10 COMMISSIONER HUDNUT: So moved. Hudnut.

11 CHAIR FERRARO: The Chairman will second.

12 Commissioner Davis?

13 COMMISSIONER DAVIS: Yes.

14 CHAIR FERRARO: Commissioner Gonzales?

15 VICE CHAIR GONZALES: Yes.

16 CHAIR FERRARO: Commissioner Alfieri?

17 COMMISSIONER ALFIERI: Yes.

18 CHAIR FERRARO: Commissioner Hudnut?

19 COMMISSIONER HUDNUT: Yes.

20 CHAIR FERRARO: Chairman votes yes.

21 Congratulations.

22 MR. SILVER: Thank you.

23 CHAIR FERRARO: I thought we had a comment on this  
24 one; right?

25 VICE CHAIR GONZALES: No.

1 CHAIR FERRARO: No? Okay.

2 Number five. Discussion and action by the Board  
3 on the Application for approval to conduct Advance Deposit  
4 Wagering of AmWest Entertainment, LLC, an out-of-state  
5 multi-jurisdictional wagering hub, for a period of up to two  
6 years.

7 William, welcome.

8 MR. ALEMPIJEVIC: Thank you. Good morning, staff,  
9 Commissioners, and Chairman Ferraro. I'm here representing  
10 AmWest Entertainment. It's been a pleasure working with the  
11 stakeholders in California and with the CHRB in fulfilling  
12 the license applications. And we look forward to hopefully  
13 being able to offer our ADW to the people of California.

14 CHAIR FERRARO: Very good.

15 Any questions from the Board?

16 Any public comment? No.

17 Do we have a motion?

18 COMMISSIONER HUDNUT: So moved. Hudnut.

19 COMMISSIONER DAVIS: Davis seconds.

20 CHAIR FERRARO: Commissioner Davis?

21 COMMISSIONER DAVIS: Yes.

22 CHAIR FERRARO: Commissioner Gonzales?

23 VICE CHAIR GONZALES: Yes.

24 CHAIR FERRARO: Commissioner Alfieri?

25 COMMISSIONER ALFIERI: Yes.

1 CHAIR FERRARO: Commissioner Hudnut?

2 COMMISSIONER HUDNUT: Yes.

3 CHAIR FERRARO: Chairman votes yes.

4 That was easy wasn't it?

5 MR. ALEMPIJEVIC: Thank you so much.

6 CHAIR FERRARO: Good luck.

7 Number six, discussion and action by the Board on  
8 the new Application for a license to operate a minisatellite  
9 wagering facility at Gaslamp Tavern LLC, San Diego,  
10 California, for a period of up to five years.

11 Gentlemen, welcome.

12 MR. BAEDEKER: Good morning. Good morning, Mr.  
13 Chairman, Commissioners, Director Chaney.

14 MR. BORBA: Good morning. Yes, my name is Richard  
15 Borba. Thank you for having us.

16 MR. BAEDEKER: Richard is one of the owners of the  
17 Gaslamp Tavern. And we have a little nuance here today to  
18 discuss with you.

19 EXECUTIVE DIRECTOR CHANEY: Mr. Baedeker, would  
20 you like to describe that nuance?

21 MR. BAEDEKER: I would. Well, yes and no.

22 Due to operator error, and there's only one  
23 operator in this instance, myself, we -- I made a mistake  
24 calculating the distance between the Gaslamp Tavern in  
25 downtown San Diego and the 42nd Agricultural District, the

1 Fairgrounds at Del Mar. As I think everybody knows, there's  
2 a 20-mile protective circle around any of the fairgrounds,  
3 and I had it calculated over the 20 miles, and it turns out,  
4 I learned last Friday, it's actually just under 19 miles  
5 from the fairgrounds. So we have to negotiate a waiver with  
6 the fairgrounds in order to proceed with the Gaslamp Tavern.

7 Now there have been two other minisatellites in  
8 the San Diego area. One was Striders in downtown San Diego.  
9 Another one was at Oceans 11 in Oceanside. And in in both  
10 of those instances, a waiver was negotiated with the  
11 fairgrounds, so we're very confident that it will happen.

12 Director Chaney and I have been discussing this  
13 over the last several days about whether or not a tentative  
14 approval or a conditional approval would violate the law.  
15 The statute actually says that the Board cannot approve a  
16 minisatellite without a waiver if one is required. In any  
17 event, it was our -- it was Scott's suggestion, and we  
18 appreciate it, that we would come before you today and kind  
19 of lay out the details of the property, see if you have any  
20 objections that we can deal with now. And then we will come  
21 back next month and we'll be put back on the agenda simply  
22 to make the waiver a matter of record.

23 And let me tell you about this site. It is --

24 EXECUTIVE DIRECTOR CHANEY: If I might, Rick?

25 Yeah --

1 MR. BAEDEKER: Yeah.

2 EXECUTIVE DIRECTOR CHANEY: -- I mean, he  
3 characterized that properly. They already had plans to come  
4 up. I figure it was a good opportunity to ask all the  
5 appropriate questions regarding the minisatellite. But we  
6 just need to -- sadly, we can't approve it conditionally.  
7 So I would expect next month, if you're able to get the  
8 waiver, to bring it back with the application, and if it  
9 pleases the Board, you know, not require the owner to  
10 appear.

11 MR. BAEDEKER: Yeah, timing is kind of the essence  
12 here. We'd love to have it open by the 1st of July in time  
13 for the Del Mar meet.

14 But this site is a diamond in the rough. We  
15 became aware of it because the landlord, Mr. Borba's  
16 landlord, is also the owner of OC Tavern and he's now the  
17 operator of OC Tavern. And so he thought that this site  
18 would be well suited for it.

19 What's unique is that most of these locations in  
20 the Gaslamp District, or really in any good-sized city, is  
21 that they're too small. Not this one. This is a two-story  
22 facility. It has a medium-sized bar area on the bottom, but  
23 it has an upstairs that is nearly 3,000 square feet. And  
24 not only that, but it has higher ceilings than you generally  
25 ever see, which are perfect for putting up the televisions.

1 I'm telling you, if we constructed a site, I don't think we  
2 could do better than this location.

3 So clearly we're very excited about it. We think  
4 the business is going to be really good down there. There's  
5 lots of condo-type of residential down there. Obviously, a  
6 great business location.

7 So sorry for the mistake on my part. We'll get  
8 that worked out and hopefully be back next month, unless  
9 there's any issues that you think need to be addressed  
10 between now and then, other than the waiver.

11 CHAIR FERRARO: Thank you, Rick.

12 Any questions from the Board?

13 COMMISSIONER HUDNUT: Just a clarifying question.

14 The waiver would be with the county, with the fair  
15 operator, or with Del Mar?

16 MR. BAEDEKER: With the fair operator.

17 COMMISSIONER HUDNUT: Okay. Thank you.

18 CHAIR FERRARO: Anyone else?

19 VICE CHAIR GONZALES: Great presentation. I'm in  
20 favor. So if there's anything that we could do today, and  
21 maybe even save you a trip from having to come back next  
22 month --

23 COMMISSIONER HUDNUT: Yeah.

24 VICE CHAIR GONZALES: You know, what comes to mind  
25 is, you know, Del Mar opening day is just such a big deal.

1 And I know Del Mar limits attendance, you know? And I  
2 really believe with the Breeders' Cup coming up, you know,  
3 it would be great to have alternative venues to kind of  
4 relieve some of that pressure.

5 And thanks for also asking that question,  
6 Commissioner Hudnut, about is this --

7 COMMISSIONER HUDNUT: Yeah.

8 VICE CHAIR GONZALES: -- with DMTC or if it's with  
9 the actual fairgrounds, and it sounded like it is the  
10 fairgrounds.

11 So if you need any of our support or any of us to  
12 go with you to make a case to the fair themselves, I'd be  
13 willing to volunteer some of my time to help out with that.

14 MR. BAEDEKER: Thank you, Commissioner. Josh  
15 Rubenstein from Del Mar has dealt with the fair in the past  
16 on these issues. He's confident that a deal will get done.

17 VICE CHAIR GONZALES: Great.

18 MR. BAEDEKER: But it's good to know, because if  
19 we do have a hiccup of some kind, we would like to take you  
20 up on that offer.

21 VICE CHAIR GONZALES: Sounds good.

22 CHAIR FERRARO: Anybody else?

23 1Do we have any public comment on this? None.

24 Do we have a motion?

25 VICE CHAIR GONZALES: Gonzales moves.

1 EXECUTIVE DIRECTOR CHANEY: I don't think, so  
2 given that we can't --

3 CHAIR FERRARO: Oh, we can't do anything, yeah.

4 EXECUTIVE DIRECTOR CHANEY: Yeah. I don't think a  
5 vote needs to be taken.

6 CHAIR FERRARO: Yeah, so we need --

7 EXECUTIVE DIRECTOR CHANEY: As long as the Board  
8 is comfortable with either just Rick showing up next time --

9 CHAIR FERRARO: Yeah. Sorry about that.

10 EXECUTIVE DIRECTOR CHANEY: -- I just -- so is  
11 that okay if we just --

12 CHAIR FERRARO: Yeah, yeah, that's fine. We'll  
13 see you next month then.

14 MR. BAEDEKER: Okay.

15 CHAIR FERRARO: Yeah, since we can't do anything  
16 this morning.

17 MR. BAEDEKER: Thank you.

18 MR. BORBA: Thank you very much.

19 CHAIR FERRARO: Yeah. All right, number seven,  
20 discussion and action by the Board regarding an Amendment to  
21 the application for the Advance Deposit Wagering provider  
22 Game Play Network, Inc., pursuant to Board Rule 2072.

23 MS. BELL: Good morning ladies and gentlemen. My  
24 name is Jacqueline Bell. I serve as the Manager of  
25 Regulatory Affairs for a licensed ADW provider Game Play

1 Network.

2 Today I am here to provide clarification on our  
3 product name change, letting you know that Game Play Network  
4 will stay as the licensed entity and this is only a name  
5 change that our customers will see when engaging with our  
6 platform.

7 CHAIR FERRARO: Did I understand you right, this  
8 is only a name change; is that correct?

9 MS. BELL: Correct.

10 EXECUTIVE DIRECTOR CHANEY: Yeah, so the licensee  
11 is Game Play Network. That's the ADW that we license  
12 currently. I think their license is good until November or  
13 December, two-year licenses. They're looking to change  
14 basically a DBA from eSpot (phonetic) to Horse Play  
15 (phonetic)

16 MS. BELL: Horse Play, correct.

17 CHAIR FERRARO: Questions from the Board? None?  
18 Public comment?

19 Okay, this time we can have a motion. I'll hit  
20 you again.

21 VICE CHAIR GONZALES: All right, yeah, Gonzales  
22 moves.

23 COMMISSIONER HUDNUT: Second. Hudnut.

24 CHAIR FERRARO: Okay, Commissioner Davis?

25 COMMISSIONER DAVIS: Yes.

1 CHAIR FERRARO: Commissioner Gonzales?

2 CHAIR FERRARO: Yes.

3 CHAIR FERRARO: Commissioner Alfieri?

4 COMMISSIONER ALFIERI: Yes.

5 CHAIR FERRARO: Commissioner Hudnut?

6 COMMISSIONER HUDNUT: Yes.

7 CHAIR FERRARO: Chairman votes yes.

8 Good luck.

9 MS. BELL: Thank you.

10 COMMISSIONER HUDNUT: I hope you didn't have to  
11 come far.

12 MS. BELL: I did, but it's fine.

13 COMMISSIONER HUDNUT: Okay.

14 CHAIR FERRARO: Number eight, discussion and  
15 action by the Board regarding creation of the Board support  
16 formula for the fiscal year 2024 through 2025.

17 Mr. Chaney?

18 EXECUTIVE DIRECTOR CHANEY: Yes, thank you, Mr.  
19 Chairman.

20 As the Board might recall, we started this  
21 discussion last month, kind of continuing it today, with  
22 some decision needing to be made in June because our fiscal  
23 year, obviously, starts July 1st.

24 As the Board also might recall, we are specially  
25 funded, so we're funded by stakeholders. That began with

1 the enabling legislation in 2009. Prior to that, it was  
2 more of a traditional state department that was funded by  
3 license fees.

4 Just kind of as a refresher, pre-2009, the  
5 associations were assessed license fees in the total up  
6 about \$40 million, that went to the general fund, and then,  
7 of course, we were funded at the time. Budget at that time  
8 was \$11.8 million. Testing was, of course, part of that but  
9 only in the neighborhood of \$2 million. Obviously, things  
10 have changed. The spending authority this coming year will  
11 be \$18.2 million. And, obviously, the Davis piece is a bit  
12 larger now in the neighborhood of \$5 million.

13 For a long time, the industry stuck with the  
14 original license fee kind of formula that was based on  
15 brick-and-mortar wagering. My understanding is that in  
16 2009, when it was first passed, at least that first year and  
17 maybe even the second, it did cover direct -- the license  
18 fee structure did cover direct costs of operating at a  
19 specific association, but clearly no longer does. It did  
20 change a little bit in the pandemic years when they added in  
21 ADW, because obviously that was the only thing that was  
22 occurring.

23 I think it's fair to say that the, you know, two  
24 of the larger tracks, Del Mar and Santa Anita, both have  
25 sort of never objected to kind of continuing the license

1 formula-based approach, but now do. So the Board also needs  
2 to know, its Chief Counsel, Staff Counsel, as well as my  
3 legal analysis, that at minimum, tracks are required to pay  
4 direct costs. The statutes call direct costs, stewards at a  
5 particular meet, official veterinarian, and laboratory  
6 testing costs.

7           For a few meets, Los Alamitos, day and night,  
8 frankly, Northern California thoroughbreds, and also Cal  
9 Expo Harness, paying direct costs would be a significant  
10 increase from what they're paying now. Obviously, that  
11 would be, it would be a decrease for both Santa Anita and  
12 Del Mar, who currently we pay about 75 percent,  
13 collectively, of Board support.

14           To make matters worse, Golden Gate Fields pays  
15 around 12 percent. So 87 percent of our budget is currently  
16 paid by three tracks. And obviously, one of them is closing  
17 in the next month.

18           So we're here. Traditionally, the stakeholders  
19 have kind of come up with their own formula, just present to  
20 the Board. We approve it. You have historically just  
21 approved it because it's usually based on a wagering  
22 percentage in June before July 1st, and off we go.

23           I know the stakeholders have been meeting a few  
24 different times to try to figure out sort of a fair,  
25 equitable and -- formula that everyone can stomach. I

1 suspect they're not quite there yet. I think what we were  
2 hoping today is maybe the Board could at least express  
3 some -- an opinion about the direction they should be going  
4 to maybe kind of focus their endeavors over the last month.  
5 Either way, a formula has to be approved come June because  
6 we need funding on July 1st.

7 CHAIR FERRARO: So just to clarify my  
8 understanding, the law says that track has to pay, should  
9 pay, its direct costs, right, each track and meet?

10 EXECUTIVE DIRECTOR CHANEY: That's our analysis.  
11 I think you'll probably may be here today, if he's here,  
12 shaking his head, I'm guessing is Mr. Neumeister (phonetic),  
13 we've never met. But there's an email from him in the Board  
14 packet. I don't want to preempt his argument or  
15 mischaracterize it, but I think he believes the statutes say  
16 direct costs are stewards and OVs and does not include the  
17 testing part. It was Rob's and Amanda's and my analysis  
18 that testing is included by the statutes as direct costs.  
19 And, obviously, it matters because, you know, testing is not  
20 an insignificant amount of money.

21 CHAIR FERRARO: And if everyone pays direct costs,  
22 as the law or statute indicates, we still wouldn't -- we're  
23 still short on the budget; right? So we have to have a  
24 supplement which we would have to decide how that would  
25 work; is that correct?

1 EXECUTIVE DIRECTOR CHANEY: That's right. So our  
2 total budgets, total spending authority for next fiscal year  
3 again is \$8.2 million. Direct cost, stewards, OV, and  
4 testing would be in the neighborhood of \$8 million. The  
5 rest of that, obviously, \$10 million is Board salaries;  
6 right? We have 50 employees, a mortgage, travel, all that  
7 kind of stuff. So I would I would characterize it and say,  
8 don't hold me to these numbers, but about %8 million-ish in  
9 direct costs and then, you know, the remaining \$10 million  
10 would be, let's call them indirect costs. The law gives no  
11 indication how indirect costs should be allocated.

12 CHAIR FERRARO: But the thinking is that it should  
13 be somehow related to either handle or number of race days  
14 or something? Is that the current thinking?

15 EXECUTIVE DIRECTOR CHANEY: Well, I don't want to  
16 speak for stakeholders, but I would think it depends on what  
17 stakeholder you are; right? If you're Del Mar or San  
18 Diego -- or Santa Anita, you would want the direct cost, you  
19 know? Percentages also applied to indirect costs because it  
20 would be significantly less for them. If you're Cal Expo  
21 Harness, you would probably say, we make so much less than  
22 the, you know, the two big tracks that we shouldn't pay any  
23 direct costs. There are probably some approaches in  
24 between, like handle-based approach and maybe some others  
25 that are not coming to me right now.

1 CHAIR FERRARO: Mr. Rubenstein and Mr. Nader, do  
2 you want to come forward and tell us what your thinking is?

3 MR. RUBINSTEIN: Good morning, CHRB Commissioners  
4 and staff, Josh Rubenstein with the Del Mar Thoroughbred  
5 Club.

6 This is a complex issue, as Executive Director  
7 Chaney laid out, and it's been intensified by the fact that  
8 regulatory costs have gone up, as Executive Director Chaney  
9 mentioned, over \$18.2 million the upcoming fiscal year of  
10 '24-25. And handlers also decreased, specifically in the  
11 brick-and-mortar segment, which has been the mechanism, for  
12 the most part, that has funded regulatory costs.

13 And while I will defer to CHRB counsel and staff  
14 on the statute, we believe that the law is clear, that each  
15 association must pay for their direct regulatory costs,  
16 that's stewards, vets, lab testing, for their meet. And  
17 unfortunately, this required proportion allocation of  
18 regulatory expenses has not been occurring. Currently, the  
19 south thoroughbred tracks, Del Mar, Santa Anita, and the Los  
20 Al day meets are paying over 80 percent of regulatory costs  
21 in the state, over 80 percent.

22 We understand that the timing of this may not be  
23 convenient for some, but we are a very highly-regulated  
24 industry. From our perspective, I don't want to speak for  
25 Bill, but from Del Mar's perspective, we believe it's

1 extremely important that we follow our laws that govern our  
2 sport.

3 CHAIR FERRARO: Mr. Nader?

4 MR. NADER: Well, we would agree that now that  
5 it's become really crystal clear, about following the law  
6 and the statute, it is quite visible to everybody that  
7 that's the path to take.

8 We have had several meetings. And I think, you  
9 know, in terms of the phrase, "fair and equitable,"  
10 everybody would sort of agree with that, but trying to find  
11 something that's agreeable to all is the difficult part. So  
12 we're still working through it.

13 A couple of points would be in direct cost. We  
14 talk about stewards, official veterinarians, and lab  
15 testing. There was also, just to give you a little bit more  
16 visibility as to what's been discussed at our meetings, some  
17 talk about investigators and licensing personnel, and would  
18 they be included in direct cost. So that's been one part of  
19 the discussion. In direct cost, we've talked about with  
20 regard to Maddy Lab, whether we include research, cost of  
21 the Equine Medical Director, or we back that out and move  
22 that to indirect cost.

23 So I think we still have a lot of work to do.  
24 We've made, I think, some pretty good progress. And we know  
25 that the June 20th meeting, we need to come to some

1 conclusions, so we're on the clock. But these are the  
2 things that are being discussed.

3           So to what the Executive Director noted earlier in  
4 terms of what goes into, from the \$18.223 million, and what  
5 goes in direct and what goes into indirect, we're still  
6 working that out. It might be -- there might be a little  
7 bit more in indirect, as opposed to the \$8 million and \$10  
8 million that Mr. Chaney mentioned, but it's a work in  
9 progress. And trying to get everybody to a point where we  
10 have consensus agreement might be a difficult task.

11           I would forewarn everyone that I'm not sure that  
12 we can get there, but we're going to try. And we know it's  
13 incumbent upon us to put out, you know, maximum effort to  
14 try to come to an agreement but it's going to be difficult.  
15 And I think the premise of following the law, there  
16 shouldn't be any disagreement on that, it's just a matter of  
17 how we allocate the \$18.2 million through \$3 million between  
18 direct and indirect and what formula we use, especially for  
19 indirect.

20           Bernie Thurman, who's been quarterbacking this,  
21 and it's a tough job, but she's doing it well, and she  
22 shared yesterday a few different models with working  
23 assumptions. So that's another step to trying to get where  
24 we need to get to and come to some kind of an agreement, but  
25 it's difficult.

1           And it's unfortunate, because every participant in  
2 the industry at some level is struggling. And these costs  
3 are important because regulatory costs, we have to accept  
4 and assume those costs, and the cost-sharing formula is  
5 going to be the trigger that decides it. But everybody is  
6 really in a position where their financial standing is not  
7 great, but these are costs that we have to recognize and  
8 have to come to a decision. I'm just not sure that when we  
9 come before you in June that we'll be holding hands  
10 together. We're going to give it our best shot and try to  
11 get there.

12           MR. RUBINSTEIN: And I will add just a couple  
13 comments.

14           As Bill said, there have been a significant amount  
15 of meetings, and we are making progress. I think if you  
16 looked at where things were from this first meeting to, I  
17 think we're on meeting six now, we are making progress. But  
18 as Bill said, we don't have consensus.

19           Bill also mentioned Bernie Thurman, and a special  
20 shout out to her, we would be completely lost without  
21 Bernie. So she's keeping us on track. As Bill said, there  
22 have been some spreadsheets and different allocations that  
23 have been forwarded. I mean, we believe the direct cost is  
24 the direct cost. There's really no wiggle room there.

25           How do we pay for those other costs? Chairman

1 Farrar mentioned, is it a percentage of handle? Do you use  
2 that same, you know, allocation on proportional costs? You  
3 know, that's to be decided upon.

4 But as Bill said, you know, the current agreement  
5 is up on June 30th, so we have to come as an industry and  
6 the Board, you know, has to approve something at the next  
7 meeting. We think it would be helpful if we got some  
8 direction from the Board of, you know, this is the broad  
9 strokes that you should be taking so we can come back to you  
10 at the June meeting with -- you know, it may not be an  
11 allocation and a calculation that everybody agrees to, but  
12 hopefully the majority of stakeholders will be on Board.

13 CHAIR FERRARO: Commissioner Hudnut?

14 COMMISSIONER HUDNUT: No questions for the moment.

15 CHAIR FERRARO: Anyone else?

16 VICE CHAIR GONZALES: Yes, Mr. Chairman, I've got  
17 a question specific to the north.

18 And, Larry, thanks for sticking around. How do  
19 you -- I mean, just with the transition that's going on, you  
20 know, I think the north is still going to try to make good  
21 sense of what the economics are and try to keep, you know,  
22 horsemen going. Just your assessment, because we are  
23 talking about Golden Gate Fields closing, which was a  
24 contributor to what we're talking about here, so just give  
25 me your, you know, without maybe -- I mean, your probably --

1 your meetings, and I applaud any kind of meetings,  
2 especially as many as you've had, but whatever you can share  
3 and your perspective on where the north is at and where they  
4 should be at, either of you guys.

5 MR. HOBAN: Well, in terms of the number, in terms  
6 of what the north has paid and what they would be, I don't  
7 know at this point. I know it would be, obviously, it would  
8 be an increase. I don't -- I think the three parties  
9 that, and I think Mr. Chaney mentioned it at the beginning,  
10 that are going to face a cost increase would be Cal Expo  
11 Harness Racing, certainly Los Alamitos with nighttime  
12 Quarter horse, and the fairs with Golden Gate yielding way  
13 and Golden State Racing picking up or filling the void.

14 So it's been probably 14 years where it's been  
15 done, what I would call, incorrectly. So this is a reset to  
16 follow the law and that's what we have to wrestle with. I  
17 mean, it's a reset based on, you know, again following the  
18 law, so I'm not sure how to get around that. But there  
19 would be increased cost pressure on, certainly, on Cal Expo  
20 for harness for the fairs in the north, as well as Los  
21 Alamitos.

22 MR. NADER: And, look, we understand nobody wants  
23 to pay more, you know, under the leadership of this Board,  
24 California has made incredible strides with safety. And,  
25 you know, I think the results speak for themselves and what,

1 you know, HISA has essentially used California as a  
2 blueprint for how they are regulating the sport nationwide.  
3 But as you all know, it costs money; right? Additional  
4 vets, additional testing, all the things that we've done  
5 cost money. And I realize that, you know, the business is  
6 under stress right now, and especially, you know, new  
7 entities like the Golden State Racing, trying to get their  
8 feet off the ground.

9 But this is an expensive, labor-intensive  
10 business. And, you know, we all, you know, have decided  
11 this is the world we want to be in, and it costs money to  
12 put on a race meet and to be regulated properly.

13 CHAIR FERRARO: Larry?

14 MR. SWARTZLANDER: Yeah, I mean, certainly I could  
15 argue with what Josh and Bill have said about direct and  
16 indirect cost. We've had this discussion. And the  
17 workgroup is certainly going through that, you know, and the  
18 law is such.

19 But here's the point from the north, and I think  
20 it could be for Los Alamitos, and Watch and Wager also,  
21 that, you know, we all plan, and we all know that the north,  
22 the CARF Board is -- I'm dealing with meets that I have  
23 totally unknowns. I'm taking over the Golden State meet.  
24 There's a lot of variables involved, and cost is one of  
25 them, one of the major ones.

1 But in a situation here, that all the plans have  
2 been put out, I've already shared some with the, you know,  
3 Commissioners the projection just for the fall meet, I have  
4 the same things for the 2025 meet, you know, things have  
5 been put in place. Costs have been there. Now, at this  
6 point, we want to change how we allocate, you know, funding  
7 for the Board.

8 Well, that to me is we're still working through a  
9 year of transition here. Why do we have to do it this year?  
10 My position is that we simply maintain the same takeout that  
11 we did last year for the budget and that we relook at this  
12 year as far as what are direct, what are indirect costs, we  
13 all agree. And as we transition into the next fiscal year,  
14 we implement it. It gives us time to step back, plan, and  
15 readjust for the costs. Right now, you're just going to  
16 throw another \$400,000 at me, and that's a major adjustment.

17 EXECUTIVE DIRECTOR CHANEY: Yeah, I mean, I'm  
18 surprised to hear you say \$400,000. I thought your numbers  
19 would be much higher than that. I mean, my understanding is  
20 that like only looking at direct costs, OVs, stewards,  
21 testing, increases Cal Expo from \$60,000 or \$70,000 to  
22 \$400,000, in the neighborhood. I don't know. I can't  
23 remember what exactly it is for ---

24 MR. HOBAN: It might be \$560,000 for Cal Expo,  
25 \$559,000.

1 EXECUTIVE DIRECTOR CHANEY: So, I mean,  
2 significant increases. I don't know. I can't remember the  
3 Northern California, but let's say \$1 million, it goes to \$3  
4 million or something. And ,I mean, Los Al is the most  
5 interesting one, I think they pay \$500,000 of our Board  
6 support, and it would probably go up to, what, \$3 million or  
7 something? I mean, these are significant increases. Now,  
8 Santa Anita and Del Mar would pay -- would not pay that  
9 money. This is a zero-sum game. So if, you know, somebody  
10 doesn't pay, somebody else has to.

11 And the irony, of course, is that if the, you  
12 know, the -- if they go up so high and somebody has to walk  
13 away, and I've heard that as possibilities, of getting out  
14 of the racing business entirely, that cost then has to be  
15 borne by everybody else; right? I mean, again, that doesn't  
16 just disappear.

17 So this is not a fun topic but it's one we have to  
18 solve between now and June 19th, or whatever day our meeting  
19 is.

20 CHAIR FERRARO: Yeah, go ahead.

21 COMMISSIONER ALFIERI: Well, the issue, I mean,  
22 the way I look at it, I mean, this has been going on for  
23 many years, as you said, you know, two years or whatever,  
24 you know, it's now at a point with all of the costs going  
25 up, the vets and all the other things. The north is going

1 to have to and Los Alamitos is going to have to pay  
2 something in addition to the little they've paid.

3 I understand, Larry, I hear what you're saying,  
4 this is a year of transition.

5 But, you know, the issue now is that with closing  
6 of Golden Gate, the rubber is meeting the road. We can't  
7 keep going like this. The south cannot continue to pump  
8 these kinds of numbers into the industry. I mean, it's  
9 just, they've been doing their -- they've been doing the  
10 yeoman's job down there of carrying the weight.

11 So I don't know if it's a gradual pay-in or  
12 something, but something's going to have to happen, and I  
13 think it has to happen this year. I don't think it -- it  
14 cannot -- I think we just got to consider that and really  
15 look at the numbers, because the numbers are all over the  
16 map, too. Like you said 400,000. We thought it was more  
17 but it really isn't, you know? I think relying on you all  
18 to come back with that --

19 MR. SWARTZLANDER: Yeah, Commissioner, we, you  
20 know, we just received last night from Bernie the  
21 spreadsheet of different options on how to do it, so I  
22 really haven't had time to look at it. You know, Scott  
23 threw a number out. Obviously, it's going to cost the north  
24 more. And I agree with what you're saying, there has to be  
25 a transition, but this is not a transition, this is like

1 walking off the cliff and that, you know, that we need to  
2 have some type of compromise. And, yes, it has to be fixed.

3 EXECUTIVE DIRECTOR CHANEY: And I guess to correct  
4 that, when I -- now when we're referring to the north, I  
5 mean, CARF is kind of the entire picture at this point, so  
6 that would be CARF, what you played last year, plus Golden  
7 Gate.

8 MR. SWARTZLANDER: Golden Gate.

9 EXECUTIVE DIRECTOR CHANEY: So that's the, you  
10 know, the big ugly number.

11 And to just kind of educate, sort of, the room a  
12 little bit more, because I know this is going to come up at  
13 some point, that's the CHRB budget, it does go up every  
14 year. Folks need to know that the last BCP, which is Budget  
15 Change Proposal, that occurred predated me. I've been in  
16 this job for four years-plus now. And that was basically \$2  
17 million for Davis. And frankly, they need more money now,  
18 too.

19 So we haven't -- literally, our budget has not  
20 changed in the last four years. It does go up year to year  
21 for state costs and those are not controllable. We have no  
22 say. That's how life is. So in terms of, you know, the  
23 CHRB's budget going up, that's not a thing. It hasn't been.  
24 But still, the industry has to pay those state costs, too.  
25 It's not this is our only source.

1 CHAIR FERRARO: I think we have a public comment  
2 person. Let's hear from him next.

3 MR. SHADA: Thank you. Yeah, I --

4 CHAIR FERRARO: State your name and organization,  
5 please.

6 MR. SHADA: I'm Vic Shada, representing the  
7 Teamsters. I've represented this group here in Sacramento  
8 for about 25 years.

9 And looking at this proposal, I got a call from  
10 the members and they were concerned that this proposal could  
11 certainly affect them economically, wages, benefits, working  
12 conditions, things like that. And they got a hold of me.  
13 I'm retired now. And they got a hold of me and asked me if  
14 I would come and speak to this.

15 And briefly, all I wanted to do is say, if a  
16 decision is made or when a decision is made, please take  
17 into consideration the effect it would have on these working  
18 people, these bargaining unit people. You got a great crew  
19 out there and be ashamed to lose them.

20 That's it.

21 CHAIR FERRARO: Yeah. Thanks very much for your  
22 comments.

23 Go ahead.

24 MR. MARGETTS: Michael Margetts for Santa Rosa.

25 So in looking at Bernie's proposal, and during our

1 meetings, one of the things that's really clear is that the  
2 south has always carried a lot of the cost of this. And as  
3 you guys consider, you know, the proposals as we go forward,  
4 I think the ability to pay has to be taken into  
5 consideration, and that may be another year, that may be two  
6 transitional years.

7           And I don't know who it is that's talked to you,  
8 Scott, about maybe not racing. But for us, the numbers,  
9 that we spent, I think, \$110,000 last year on support, and  
10 the highest number in the allocation that Bernie gave us was  
11 that we're going to now to pay \$389,000, and we don't make  
12 any money on racing now. So to take an additional \$260,000  
13 in loss has to be considered by us.

14           So maybe you guys could just take that into  
15 consideration, also, is ability to pay.

16           EXECUTIVE DIRECTOR CHANEY: Chris Schick this  
17 morning, walking up, said, "You know, if we go up from  
18 \$60,000 or \$70,000, whatever you pay now, to \$400,000 or  
19 even higher, it sounds like, from Bill, we're not sure we  
20 can stay in business."

21           So, I mean, I hate to be the bearer of bad news,  
22 but I think the Board needs to know the full consequences.  
23 Yeah, I mean, sadly, I don't know that a phased-in approach  
24 is legally possible. A phased-in approach would -- really,  
25 what you would be asking is for Santa Anita and Del Mar to

1 continue to ignore the law and pay the direct costs of the  
2 other tracks; right?

3 So the Board --

4 MR. MARGETTS: I don't think --

5 EXECUTIVE DIRECTOR CHANEY: -- let me be frank,  
6 the Board can't order --

7 MR. MARGETTS: Yeah.

8 EXECUTIVE DIRECTOR CHANEY: -- a phased-in  
9 approach. That is not legally possible for us.

10 MR. MARGETTS: Well, and that's not what I was  
11 actually suggesting.

12 EXECUTIVE DIRECTOR CHANEY: I'm not talking to  
13 you.

14 MR. MARGETTS: Yeah.

15 EXECUTIVE DIRECTOR CHANEY: I'm trying to let the  
16 Board know --

17 MR. MARGETTS: Yeah, I mean, we're --

18 EXECUTIVE DIRECTOR CHANEY: -- unless you could  
19 somehow talk, you know, the Southern California interests  
20 into what they would characterize as, you know, lending  
21 money or, you know, paying for the regulatory costs of the  
22 smaller tracks for another few years. And, I mean, I won't  
23 speak for Josh or Craig, but I'm guessing they would say  
24 they're really not interested in that.

25 MR. MARGETTS: Well, for us, I mean, we have no --

1 I mean, we wouldn't want to go around the law and we'll  
2 absolutely cover our direct costs. And I don't think, other  
3 than Watch and Wager, that's not the issue. The issue is  
4 the huge, I think it's \$12 million, indirect costs that need  
5 to be allocated in some fashion.

6 EXECUTIVE DIRECTOR CHANEY: Got it.

7 MR. MARGETTS: And that, if we could do it on  
8 handle, which is not equitable, obviously, to the south,  
9 would be our preference, you know, certainly in the north.

10 EXECUTIVE DIRECTOR CHANEY: And for what it's  
11 worth, there are a few things mentioned with respect to  
12 direct costs. I mean, I don't know if Mr. Neumeister will  
13 be speaking again, our statutory interpretation is different  
14 regarding the testing. But it is my belief that Equine  
15 Medical Director salary, research at Davis, those cannot  
16 fairly be characterized as direct costs. That's just me.  
17 It's not my decision, it's the Board's. But I don't think  
18 that's contemplated by the statutes.

19 And, frankly, nor are investigators or licensed  
20 techs. Those are CHRB employees. And while they are  
21 stationed at tracks, I think you could say they are direct  
22 costs, small d, but not direct costs as contemplated by the  
23 statute. The statute specifically named OV Stewards  
24 testing.

25 So I don't know if that's throwing you a small

1 lifeline, but at least that's my opinion.

2 MR. MARGETTS: Thanks. Thanks for your time.

3 CHAIR FERRARO: Anything else from Board members?

4 VICE CHAIR GONZALES: Yeah, Mr. Chairman, I got a  
5 question for Scott.

6 Scott, of all of the committees, the standing  
7 committees that the CHRB has stood up, is there a particular  
8 one that applies to budget and what we're talking about  
9 here?

10 EXECUTIVE DIRECTOR CHANEY: Yeah. I actually  
11 believe we have a Budget Committee. It's probably -- it's  
12 certainly never met --

13 CHAIR FERRARO: Well, we've never used it, yeah.

14 EXECUTIVE DIRECTOR CHANEY: -- since I've been on  
15 the Board -- or serving the Board. I don't know when the  
16 last time it was. Rick Baedeker is sitting back there. HE  
17 might. It probably predates him as well. So we do have a  
18 committee, yes.

19 VICE CHAIR GONZALES: And there are two  
20 Commissioners or three Commissioners assigned to that?

21 EXECUTIVE DIRECTOR CHANEY: Yeah.

22 VICE CHAIR GONZALES: Are you aware of who they  
23 are?

24 EXECUTIVE DIRECTOR CHANEY: I can -- Rita is going  
25 to tell me in about three seconds if I'm --

1           VICE CHAIR GONZALES: Just curious. I mean, I  
2 just -- I mean, whether or not we activate that committee,  
3 probably no more important time just to explore legal  
4 nuances, some ideas, some creative ways. But no doubt in my  
5 mind, there has to be communication, as well, with folks  
6 beyond the CHRB, referring to folks in the legislature, and  
7 perhaps any others who would be willing to hear us out. I  
8 think sometimes we operate best as we can in the forum that  
9 we do, which is important because we tend to figure out a  
10 lot of things on our own, but this is now starting to get --  
11 it's starting to kind of get a lot bigger than any of us had  
12 ever realized.

13                 So in addition to the Budget Committee, you know,  
14 we're going to have to start to figure out how to, you know,  
15 share what our what our -- what we're experiencing here.

16           CHAIR FERRARO: Given the go --

17           COMMISSIONER ALFIERI: May I make a suggestion?

18           CHAIR FERRARO: -- I think a wise way to handle  
19 this is for you guys, if you can, to come forward with an  
20 agreement that the Board can accept. Now I think our  
21 thinking generally, I'm speaking for the rest of the Board,  
22 if you disagree, please speak up, but the direct costs,  
23 obviously, we got to follow the law, there's not much  
24 question about that. The indirect costs, I think in order  
25 to be fair, it has to be somehow related to handle or erase

1 days or something like that, so I guess that's for you guys  
2 to decide. But I think that that's kind of the general  
3 outline that we're giving you; right?

4 EXECUTIVE DIRECTOR CHANEY: To be clear, Mr.  
5 Chairman, like handle would be vastly different than race  
6 days; right?

7 CHAIR FERRARO: Yes. Yes, I know.

8 EXECUTIVE DIRECTOR CHANEY: So --

9 CHAIR FERRARO: But that's for them to figure out.

10 EXECUTIVE DIRECTOR CHANEY: A handle-based  
11 approach, obviously, would put the most of the -- for  
12 indirect costs I'm talking about, would put most of the  
13 burden on Southern California because they handle most of  
14 the money. A race-day approach, which is basically direct  
15 costs at this point, would be very even allocation across  
16 the state.

17 I'm not sure I can speak for Larry and Santa Rosa,  
18 Los Al, and Cal Expo and say they would be categorically  
19 against like a race-day approach because, I mean, as you  
20 probably know, Northern California has almost just as many  
21 race days as Southern California. And understandably,  
22 that's why the legislature put the direct cost, because it  
23 seemed a little -- you know, it costs the CHRB the same  
24 amount of money to regulate, you know, a day at Ferndale as  
25 it does Del Mar in the summer. We have four stewards, one

1 OV, testings, actually, remarkably the same.

2 CHAIR FERRARO: Any other comments?

3 COMMISSIONER DAVIS: Well, to answer your  
4 question, I'm looking at the 20, and Rita can confirm,  
5 Budget, Finance, and Audit Committee, that's Wendy and me,  
6 so --

7 VICE CHAIR GONZALES: You know, just, you know, I  
8 raise that only in the event that we have to figure out  
9 what's being taken, either a Commissioner or two being part  
10 of the ongoing conversations, or if there's anything we need  
11 to do in a formal way that would support staff and the  
12 stakeholders. Just good to know. I'm not saying we need to  
13 do a specific committee meeting, but it's good to know.

14 So thank you, Brenda, for flagging that.

15 COMMISSIONER HUDNUT: I like the thrust of that,  
16 Commissioner Gonzales, and I would support such a move and  
17 maybe add someone to that committee.

18 It's difficult to know what to assess, groups  
19 whose financials we've never seen and don't know what the  
20 health of their organizations are. We do have something  
21 from Pleasanton, from the Pleasanton Fair, but you have Los  
22 Alamitos that's privately owned. You have Santa Anita that  
23 is owned by a, I believe, private entity. And so we don't  
24 know what the financial health of organizations is. So when  
25 they squawk that they're being overcharged, it's hard to

1 say, yeah, you are or, no, you aren't.

2 EXECUTIVE DIRECTOR CHANEY: I guess that begs the  
3 obvious question, like should the formula be based on your  
4 ability to pay or should it be based on more objective? I  
5 mean, obviously, the direct costs are statutory, but  
6 indirect should be based on --

7 COMMISSIONER HUDNUT: Correct.

8 EXECUTIVE DIRECTOR CHANEY: -- external factors  
9 rather than internal ones.

10 COMMISSIONER HUDNUT: Well, that's a subject of  
11 interpretation.

12 MR. SCHICK: Good morning, Chairman Ferraro,  
13 members of the Board. Christopher Schick, Watch and Wager  
14 Standardbred Racing.

15 Once again, I guess we kind of find ourselves at  
16 ground zero here with the closing of Golden Gate. First it  
17 was the kind of skirmish we had with CARF over them coming  
18 into Cal Expo. Now this issue that's arose here with the  
19 with the Board support, obviously a number of things have  
20 been kind of articulated here this morning.

21 One of the things, you know, obviously to have  
22 this kind of come up in the last couple of months, we all  
23 know it came up as a threat kind of against this Board, that  
24 if they were going to give dates to the north that this was  
25 going to now become an issue after 14 years of allegedly

1 violating the law, you know?

2           And going back to when it was a license fee, that  
3 was based on handle, as well, and the same people that are  
4 arguing today were the recipients of that 80 percent of that  
5 \$25,000 in reduction fee in 2008. So anyway, there's a lot  
6 to discuss here about that.

7           But what I really want to discuss is what the  
8 practical kind of matter for our industry is. We're an  
9 industry. We're small. We run 47 days a year. We have  
10 \$2.7 million in purses that we distribute over 47 days. You  
11 can do the math, it's right around \$60,000 a day. Our  
12 revenues are exactly the same as an operator. We split  
13 every dollar that we earn 50-50 with the horsemen.

14           So just as in a practical sense, if we're talking  
15 about the numbers that have been discussed, say \$700,000 in  
16 new costs to the harness racing industry, \$350,000 purses,  
17 \$350,000 to the operator, how do we deal with that, okay?  
18 We've run pro formas backwards, forwards. We're trying to  
19 be prepared somehow for that bomb to be dropped on us, quite  
20 frankly.

21           When you've got \$2.7 million in purses, if you're  
22 going to get a \$350,000 hit just on your purse side,  
23 obviously you'd have to cut 15 percent across the board just  
24 to kind of square, if you wanted to maintain the same amount  
25 of race states, just to square kind of that circle. That's

1 not even dealing with on the operator side from Watch and  
2 Wager where we're nowhere nearly close to that range of  
3 profitability. So how do we deal with that as an operator,  
4 okay?

5           So, I mean, the answer for us, if this actually  
6 goes down this way, it's actually very simple. We're going  
7 to have to reduce our direct costs. And by reducing our  
8 direct costs, we're going to have to make changes in our  
9 schedule from 47 days. There's no way we can operate any  
10 other way without that.

11           The question is: What is the number? That's  
12 really what we're talking about, what is the number that  
13 we're going to have to take a 47-day meet where people come  
14 here from -- mostly from Minnesota, and we start in November  
15 and we run to the first day in in May and then they move on  
16 and race in the summer, how much can we cut of that meet?  
17 How much later could we start? Instead of starting the  
18 third week in November, would we have -- could we start in  
19 January and cut 12 days? If we cut 12 days we get -- we'd  
20 cut 12 days at direct cost, we would save that purse money,  
21 we might be able to avoid a catastrophic purse account.

22           The question is: Would people come? And we don't  
23 have those answers.

24           So it's a very, very tough situation that we're  
25 dealing with in this. And, you know, I realize there's no

1 easy answers. And, you know, I don't have the solution. I  
2 totally agree that, you know, you say phasing is illegal.  
3 Well, I mean, what we've been doing for 14 years has, quote,  
4 unquote, been illegal, essentially, but we've been doing it.

5           So if we could take these costs -- and we're not  
6 objecting, quite frankly, to paying some more costs, some  
7 type of costs that we can afford. That's not our position  
8 in this, that we don't want to pay any more money. But it's  
9 just I just want you to be aware of all of the factors that  
10 we're kind of dealing with to try to keep our industry  
11 intact.

12           And our industry has been doing well. Our stakes  
13 program has shown, from the time we passed the legislation  
14 in 2017, we're getting remarkable results right now. We  
15 don't want to make cuts in that program right now. And we  
16 don't think we really -- we don't think it's justified to  
17 make cuts based on what's going on at this time with this  
18 short of notice.

19           So I know I went on long, but I appreciate the  
20 time. And I'd be happy to take any questions.

21           CHAIR FERRARO: Questions for Chris?

22           Thanks, Chris. We appreciate your comments.

23           COMMISSIONER ALFIERI: Mr. Chairman, I was hoping  
24 that we -- well, that the Board should consider directing  
25 our Executive Director to stay on this issue, try to get

1 together with the parties at the table, the stakeholders,  
2 and figure this out each week. You cannot kick the can down  
3 the road. This is very serious. And I don't want this  
4 Board to come to a decision like, I mean, like we had a gun  
5 to our head, the south versus the north at the last  
6 meetings, where we can't wait till the next meeting. You've  
7 got to be on this twice a week, three days a week, or  
8 whatever. I don't know whether -- this is more important  
9 than anything. And whether or not we direct the Budget  
10 Committee to sit in and get involved, I'm not sure about  
11 that.

12           But I'm just saying I think that, Mr. Chaney, that  
13 you've got to be on this, you know, waving the flag here,  
14 because we're going to come to June, and you're still going  
15 to be talking and talking and talking. And there's going to  
16 be no resolution, and then we're going to be forced to make  
17 a decision that some people are not going to like. That's  
18 the way I'm looking at it.

19           EXECUTIVE DIRECTOR CHANEY: I'm happy to stay on  
20 it. We started this, what, a month and a half ago --

21           COMMISSIONER ALFIERI: I know you've been on it.

22           EXECUTIVE DIRECTOR CHANEY: -- so we've been on  
23 it.

24           COMMISSIONER ALFIERI: I know you've been on it.

25           EXECUTIVE DIRECTOR CHANEY: I don't think

1 anything's going to change.

2 COMMISSIONER ALFIERI: I shouldn't beat you up  
3 like that.

4 EXECUTIVE DIRECTOR CHANEY: I didn't take it as  
5 that at all. But my fear is this is -- there will be no  
6 resolution until next June at the Board meeting. We can put  
7 the -- I mean, I don't think we should have a formal Budget  
8 Committee. We have five weeks before the next meeting from  
9 today. I mean, we can put a formal meeting on and have,  
10 like, a public discussion. If Commissioner Davis or  
11 Commissioner Mitchell, you know, wanted to meet with some of  
12 the stakeholders and maybe, like, give them sort of  
13 direction. I think that would be perfectly acceptable.

14 My only fear is this is -- it's going to be a hard  
15 decision next June -- I mean, next month for the Board. I  
16 just don't, I mean, I don't -- one of two things has to  
17 happen. You know, Chris, just because you spoke, is going  
18 to agree to pay, you know, whatever it is, \$450,000, or  
19 Josh, because he's sitting here in front of us, is going to  
20 say, I will continue to take money.

21 I think it's unfair to characterize that the Board  
22 has done anything illegal for the past 15 years. I think I  
23 would characterize it as the south has, you know,  
24 voluntarily contributed more than their statutory  
25 requirements. And they're saying, we're not -- we want to

1 go by the statute. Frankly, I think Santa Anita and Del Mar  
2 would not be, you know, completing their legal or fiduciary  
3 responsibilities if they voluntarily paid money that they're  
4 not legally required to do.

5 So I just, I appreciate the enthusiasm to try to  
6 bring the parties together. I think at the end of the day  
7 it's going to be a binary decision and an awful, ugly one at  
8 that.

9 CHAIR FERRARO: Would you like to make a comment,  
10 sir?

11 MR. NEUMEISTER: Well, I would. I'm David  
12 Neumeister. I'm president of the California Harness  
13 Horseman's Association.

14 I would like to be clear that I don't feel like I  
15 should be treated as a member of the public, nor should  
16 Chris, nor should Larry. I don't know why only Santa Anita  
17 and Del Mar have unlimited speaking time today.

18 So I'm hoping that I'm considered a stakeholder  
19 today, Mr. Chaney; would that be correct?

20 EXECUTIVE DIRECTOR CHANEY: Oh, absolutely. And I  
21 think it's fair to say that Mr. Schick was not treated that  
22 way. He was well beyond --

23 MR. NEUMEISTER: I don't -- I'm not saying --

24 EXECUTIVE DIRECTOR CHANEY: -- well beyond the two  
25 minutes.

1 MR. NEUMEISTER: I just, I'm just hoping that  
2 we're not limited to the three minutes that the public is  
3 limited to in these conversations because I don't have a  
4 three-minute talk.

5 EXECUTIVE DIRECTOR CHANEY: It's not my decision,  
6 but whatever you think, Mr. Chairman.

7 CHAIR FERRARO: Well --

8 EXECUTIVE DIRECTOR CHANEY: But I think it's fair  
9 to allow stakeholders to speak --

10 CHAIR FERRARO: Yeah.

11 EXECUTIVE DIRECTOR CHANEY: -- as long as they  
12 want, within reason.

13 CHAIR FERRARO: Yeah. No, we're quite welcome to  
14 have you talk.

15 MR. NEUMEISTER: Thank you very much.

16 CHAIR FERRARO: Yeah.

17 MR. NEUMEISTER: Again, I've been president of the  
18 California Harness of Arsons Association for most, well, not  
19 most, off and on for most of the last 35 years. It's the  
20 first time you've seen me because, frankly, we haven't been  
21 involved in a controversy in the last decade that has  
22 warranted the sort of legal analysis and argument that I  
23 would make before the Board, and I did make for decades  
24 before. We basically have been living in peace, especially  
25 with relation to Los Alamitos for the last decade.

1           With regard to this idea of Santa Anita all of a  
2 sudden, and Del Mar, wanting, you know, insisting that we  
3 follow the law, frankly, we have been following the law.  
4 Ever since this Board has been funded, it has been funded on  
5 an ability-to-pay basis. Up until the statute, the current  
6 statute that funds the Board, it was specifically provided  
7 that the Board's funding would be established on a pro-rata  
8 basis by total in-state handle, and it's been handled that  
9 way ever since.

10           And frankly, and this is where the rubber meets  
11 the road in terms of our differences in the interpretation  
12 of the statutes, I don't think that, well, for one thing, I  
13 don't know where the language direct and indirect costs  
14 comes from. The statute that talked about racing  
15 associations paying for the costs of running a racing meet  
16 specifically dealt with stewards and veterinarians, and  
17 there was no mention of drug testing in that statute.  
18 However, a later version of it does refer to the 158 statute  
19 that tells us, again, that the Board has to pay  
20 veterinarians and stewards, and includes -- and for drug  
21 testing related to horse racing.

22           In 2009, when the legislature enacted the current  
23 statute, two things. They don't change the fact that we're  
24 still paying a license fee. It is specifically referred to.  
25 The payments that the stakeholders make to support the Board

1 is specifically referred to as a license fee. And  
2 furthermore, that statute, while it does tell the industry  
3 and the Board to come together and create a formula, it  
4 tells the participants that they only pay the amount  
5 established by the formula.

6           So in my view, the Board can do whatever they want  
7 in this formula. Frankly, I think that the 1989 statute  
8 that talked about a racing association paying the actual  
9 cost of that association, which they, you know, were  
10 referring to the stewards and veterinarians, I think it was  
11 superseded by the last statute. That statute basically says  
12 that a racing association, when paying the license fee,  
13 shall not pay less than the amount paid to those officials,  
14 and maybe for the cost of actual drug testings, if you  
15 incorporate the language in the later statute.

16           But the new statute says we only pay what the  
17 formula tells us to pay. The statutes are completely  
18 incompatible. They cannot exist in the same legal universe  
19 where one statute says you only pay what the formula tells  
20 us to pay. And the other statute tells us you shall not pay  
21 less than the actual cost of the racing meeting.

22           So I have to assume that the legislature Richard  
23 knew what they were doing in 2009, and basically was telling  
24 the Board, look, we've been funded on a pro-rata basis  
25 according to handle for all of these years. Now we have an

1 Equine Drug Testing Program, because that's what prompted  
2 that legislation. The statute specifically tells the  
3 stakeholders that they're now paying not only for the Board,  
4 but for the new Equine Drug Testing Program, which, of  
5 course, is a massive contract and has no relationship to the  
6 actual cost of drug tests for horses.

7 So bottom line, I think that the Board, and it  
8 will be the Board because this group is not going to come to  
9 a consensus unless something radically changes in the next  
10 month, the Board's going to have to make a call here.

11 And just, I just don't -- I think that the  
12 premise, and I know Mr. Chaney believes it, that the old  
13 statute, the 1989 statute that preceded the current statute  
14 with the formula by two decades, that he really believes  
15 that this direct class language applies. We disagree. I've  
16 been interpreting statutes for a living for over 40 years as  
17 an attorney, as a judge, on behalf of this association and,  
18 you know, after so long doing it, I kind of know it when I  
19 see it.

20 And I'll leave it at that for now. I'll be happy  
21 to answer any questions. I didn't want to make a legal  
22 argument today, but since we're not going to have a  
23 committee meeting and since we have to have a decision next  
24 month, we have to deal with these legal issues.

25 CHAIR FERRARO: Questions from the Board?

1 Thank you very much for your comments.

2 MR. NEUMEISTER: You're welcome. My pleasure.

3 CHAIR FERRARO: Well, we can't really solve  
4 anything today. I think we know where we're -- what we need

5 EXECUTIVE DIRECTOR CHANEY: I don't want my  
6 comments to the Commission to be direct us to do any --  
7 Commissioner Alfieri, I'll be happy to do anything you want.  
8 We can call a committee. I'm just trying to decrease  
9 expectations in the next five weeks. I'm just, I'm  
10 concerned we're heading toward a binary decision and I just,  
11 I don't see middle ground.

12 I mean, to me, the obvious thing is, I'll just say  
13 it so to kind of get the ball rolling, I think direct costs  
14 or direct costs. Obviously, respectfully, I disagree with  
15 Mr. Neumeister's comments, as does Chief Counsel if you'd  
16 like to hear from him.

17 There was a little bit of a mischaracterization  
18 about testing. It did exist in 2009. Davis existed well  
19 before that. The problem, of course, is the testing budget  
20 at that time was \$2 million, and now it's \$5.2 million or  
21 something, plus the distribution. And yes, Davis is  
22 extremely expensive, the most in the country. We're legally  
23 required to contract with them and, frankly, would whether  
24 we were or not because they're the best.

25 So the obvious thing to me is, you know, direct

1 costs are direct costs, and then some sort of handle-based  
2 approach, which obviously is, you know, more heavily  
3 burdensome. And they are correct, direct and indirect costs  
4 don't exist in the statutes. what does exist is Ovs,  
5 stewards, testing, and we kind of call that direct costs.  
6 We can call it anything we want but that's correct, it's not  
7 it's not a statutory term.

8 VICE CHAIR GONZALES: A Los Alamitos  
9 representative.

10 CHAIR FERRARO: Go ahead.

11 MR. ENGLISH: Thank you. Rick English  
12 representing Los Alamitos Quarter Horse Racing Association.

13 The proposed changes would increase our license  
14 fees approximately \$1.25 million to \$1.5 million a year, an  
15 extremely hard number to face in our industry.

16 The law is clear about some items that are direct  
17 costs and that they should be shared. We don't agree -- I  
18 mean, we don't disagree. Stewards and vets and their actual  
19 costs, there's a general consensus within the industry.

20 When it comes to testing, there's a problem in  
21 that we don't have -- we're supposed to pay our actual  
22 costs, according to law, I believe. Nobody can tell us the  
23 number of tests that are done by association or the actual  
24 cost of the test in competition testing, so there's no way  
25 to determine the actual cost. We need more information.

1 We're still negotiating. We're happy to discuss it with  
2 thoroughbred, but that part of the direct costs is still to  
3 be negotiated, still to be reviewed, agreed upon.

4           The other costs are not covered in the law.  
5 There's no provision about requiring the Board to allocate  
6 based on any specific basis. I would ask the Board, as you  
7 go forward, think about how you spend your time. How much  
8 of your time do you spend on Quarter horses and harness  
9 racing? Where is the emphasis of the Board? Where has it  
10 always been? I hope you keep that in mind when you're  
11 thinking about any potential allocations.

12           And I think it's definitely a good idea to have a  
13 meeting between members of the Board or a subcommittee and  
14 the stakeholders so we get a more extensive, free-flowing  
15 discussion of the elements involved.

16           I appreciate your time and I'd be happy to answer  
17 any questions you might have.

18           CHAIR FERRARO: Any questions? No?

19           Thank you very much.

20           MR. ENGLISH: Thank you.

21           CHAIR FERRARO: Well, there's no decision going to  
22 be made today, so I think we know how we want to go forward.

23           I think, Commissioner Davis, if you think a budget  
24 meeting, and Mr. Gonzales, I think that would be fine.

25           EXECUTIVE DIRECTOR CHANEY: Go ahead, Scott, you

1 could maybe see what they want to do and maybe we -- the  
2 Budget Committee, can meet with your group informally and  
3 see where we're going, try to get the best solution we can.

4 So I thank you for participating and we'll look  
5 forward to having some kind of a reasonable conclusion next  
6 month. Thanks a lot.

7 VICE CHAIR GONZALES: Mr. Chairman, one quick  
8 point on the Budget Committee would be if some other  
9 Commissioner is needed, I'm definitely not volunteering,  
10 but --

11 COMMISSIONER HUDNUT: We'll volunteer you.

12 VICE CHAIR GONZALES: -- you may have to do that,  
13 you know --

14 CHAIR FERRARO: Yeah.

15 VICE CHAIR GONZALES: -- with your powers.

16 CHAIR FERRARO: I'll take it up with the Budget  
17 Committee and see --

18 VICE CHAIR GONZALES: Yeah. Great.

19 CHAIR FERRARO: -- what they want to do.

20 CHAIR FERRARO: Great. Great.

21 EXECUTIVE DIRECTOR CHANEY: Yeah, I can talk to  
22 Commissioners Mitchell and Davis.

23 And just in terms of both money, as everybody  
24 knows, the state is out of money.

25 VICE CHAIR GONZALES: Yeah. Right.

1 EXECUTIVE DIRECTOR CHANEY: Every department has  
2 to cut eight percent in positions and all that kind of  
3 stuff. Just in terms of like a money thing, maybe we can  
4 have some sort of informal, you know, meeting with the group  
5 that speaks.

6 CHAIR FERRARO: Yeah.

7 EXECUTIVE DIRECTOR CHANEY: Because I think that  
8 would be a lot more flexibility, and only two Commissioners  
9 doesn't violate Bagley-Keene.

10 I will say, to Mr. English's point, everything he  
11 said was true. The testing piece is fuzzy. I think we've  
12 been able to tease out the research piece, because I don't  
13 think that qualifies as testing. But in terms of, you know,  
14 cost per test, that's going to be probably an impossible  
15 lift. We've been through this exercise a few times with  
16 HIWU because, obviously, a lot of the California testing is  
17 done by them. We're not technically entitled to know how  
18 many tests and who they're testing. That's how it goes.

19 So I know how many tests we do, obviously, because  
20 they're still CHRB with Standardbreds and Quarter horses in  
21 the mixed races. On the thoroughbred side, of course, we  
22 can ask our stewards, you know, how many, roughly, how many  
23 tests do you do a day, and is it winners, is it randoms,  
24 things like that. But like those numbers are -- would be  
25 difficult to tease out.

1           So he's not wrong. It would be nice to have more  
2 specific and exactly what are direct costs. I'm skeptical  
3 that that number is knowable.

4           CHAIR FERRARO: All right let's move on to number  
5 nine, Executive Director's Report.

6           Scott, while you're talking just keep talking.

7           EXECUTIVE DIRECTOR CHANEY: Just keep going?  
8 Thank you Mr. Chairman and good morning Commissioners again.

9           I will begin with the handle report, and this is  
10 kind of painful on the heels of the last discussion. For  
11 the month of April day racing handle was down 18 percent.  
12 For the month of April, day racing was down 18 percent. I  
13 repeated that on purpose. Night racing was down 11 percent,  
14 and total handle was down 17 percent as compared to April  
15 2023. Now, Golden Gate Fields did close a few -- did, you  
16 know, cancel a few cards. And I think the way the month set  
17 up, it was a little different in terms of weekend racing.  
18 But if total handle being down 17 percent is not concerning,  
19 it should be.

20           Year to date day racing is down eight percent,  
21 night racing is down six percent, and total handle is down  
22 seven percent as compared to the first four months of 2024.

23           On a happier note, for about the last six weeks, a  
24 few of the folks alluded to it today, a group of Nor Cal  
25 stakeholders and advocacy groups have a meeting weekly to

1 discuss the transition from Golden Gate Fields to Pleasanton  
2 as the hub for Nor Cal racing. This effort has been  
3 spearheaded by Vice Chairman Gonzales, along with assistance  
4 from Deputy E.D. Cynthia Alameda. It includes management  
5 from CARF and the Alameda County Fair, as well as  
6 representatives from CTT, CTHF, Winners Foundation,  
7 Racetrack Chaplaincy, Jockeys' Guild, and Northern  
8 California breeders and racing interests. Hopefully I'm not  
9 forgetting anyone.

10           CHRB specifically engaged Oscar de la Torre, a  
11 worker advocate, to provide an assessment of stable worker  
12 needs for the transition. Mr. de la Torre, in collaboration  
13 with other advocacy groups, held a town hall meeting  
14 recently at Golden Gate Fields, attended by over 60 people,  
15 to provide information on the transition of existing  
16 services and support, as well as collect information on  
17 additional needs to be addressed.

18           Some of the most sensitive needs include  
19 transitioning the housing and educational services for  
20 approximately 14 families that have lived at Golden Gate  
21 Fields. The group is focused on identifying the total  
22 population of individuals and families, establishing lines  
23 of communication, providing for a continuation of existing  
24 services, and expanding access to additional resources  
25 wherever possible.

1           The Brooks Foundation, established by a former  
2           trainer in Northern California, Joe Brooks, has been  
3           generously providing a group in the -- providing support in  
4           the critical area of housing. But the greatest area of  
5           financial need continues to be the cost of travel, trailers  
6           for on-site housing.

7           I certainly appreciate the efforts of everyone in  
8           the group, particularly Vice Chairman Gonzales and Deputy  
9           E.D. Alameda.

10           Kind of continuing a practice, unfortunately we  
11           haven't had as much turnover recently that I started, I  
12           don't know, about a year ago. I'd like to draw the Board's  
13           attention to two new employees, one of whom is here, the  
14           other of whom is not, maybe he's not here yet.

15           Anyway, we have a new Regulations and Industry  
16           Applications Supervisor, Sandra Shin. She's been on the job  
17           for about two or three months now. She was here last month.  
18           And just swore in a new Southern California CHRB  
19           Investigator, Octavio Vergara, Jr. Some may know him as a  
20           former jockey, his father as well. He's been in law  
21           enforcement for a number of years and he's just started  
22           today with the California Horse Racing Board. So we welcome  
23           them both.

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

25           DR. BLEA: Good morning, Chairman Ferraro, Vice

1 Chairman Gonzales, Commissioners, Mr. Chaney. It's actually  
2 been a fairly quiet month on my end, with a lot of things  
3 getting done on a daily basis, but none of which have been  
4 very monumental.

5           Earlier this month, Incompass Tech Support  
6 provided additional training for some investigators and  
7 official veterinarians with a webinar outlining the features  
8 and updates in the EquiTAPS Program. This was a request  
9 made by the investigative staff, and I think it was very  
10 helpful for them to see how this program works in real time.

11           As you know, EquiTAPS is the computer program  
12 developed by Incompass that we use in California for  
13 electronic reporting by attending veterinarians. The  
14 program, which went live in February of 2023, continues to  
15 evolve and improve, allowing data to be merged directly into  
16 the HISA portal to satisfy their reporting requirements.

17           Moving on to fatalities, there were five  
18 fatalities in April in the month in California. One  
19 musculoskeletal fatality occurred and one sudden death  
20 occurred in racing. Both of these incidents involved  
21 Standardbreds, an anomaly in itself. One musculoskeletal  
22 fatality occurred in training. And two horses with medical  
23 conditions were sent to referral hospitals. Unfortunately,  
24 they were unable to be saved.

25           Speaking of drug testing, regarding all CHRB

1 testing at the Maddy Lab, in the month of April, the Maddy  
2 Lab analyzed 510 primary blood and urine post-ray samples,  
3 including 14 official work bloods. Additionally, 341 out-  
4 of-competition samples were analyzed. In all samples  
5 tested, there were two Class IV violations, which were  
6 phenylbutazone and DMSO, and one Class V violation,  
7 omeprazole, also known as GastroGard.

8 As I said, my report is brief this month, and this  
9 concludes my report and I'm happy to answer any questions  
10 you may have.

11 CHAIR FERRARO: Any questions from the Board?

12 VICE CHAIR GONZALES: I do have a question.

13 Great report, Dr. Blea. My question is for Scott  
14 Chaney.

15 Scott, it's never too early to prepare for the  
16 upcoming Breeders' Cup. And there was a situation that  
17 caught my attention during the Kentucky Derby that I want to  
18 make sure we're prepared if it were ever to happen here in  
19 California. It involved a jockey with -- that was kind of  
20 down the stretch, as everybody saw. You know, not here to  
21 say whether the stewards made the right call or not from  
22 Kentucky. But what did catch my attention is that there was  
23 a jockey involved that had limited English proficiency. And  
24 I often wonder that if there was an inquiry or if the jockey  
25 did claim a foul, if the stewards would have had the ability

1 to communicate with him in his language.

2           So I'd like to know what your thoughts are and if  
3 there's anything that we can do, because I believe Japanese  
4 horsemen make the big events that much more special. And I  
5 believe we just have to have the type of technology or the  
6 type of capacity, whether it's a translator in place.

7           But it would be great if, in addition just to your  
8 thoughts on that, if you could work with Chief McHargue and  
9 some stakeholders that might be very familiar with this,  
10 including Del Mar leadership, just to make sure that any  
11 rider, any individual that does compete knows that when they  
12 pick up that phone by the winner's circle, which is probably  
13 one of the most outdated pieces of equipment ever, that they  
14 have an ability to communicate what they experienced.

15           So just your thoughts, Scott.

16           EXECUTIVE DIRECTOR CHANEY: I mean, immediately,  
17 obviously, you know, Spanish is fairly easy for California.  
18 A few of our steward stands have Spanish speakers in them  
19 and, you know, we routinely translate both with official  
20 translators and unofficial translators for stewards hearing  
21 and so forth. So we would certainly be able to handle that.  
22 Other languages, however, would be a little bit more  
23 challenging. So I know the Japanese writer in the Derby,  
24 you know, did have a translator with him.

25           But that's a good flag for the for other languages

1 come Breeders' Cup because that's the -- the Breeders' Cup  
2 is a true international melting pot. So I will, I'll speak  
3 with Chief McHargue. Thank you for that.

4 VICE CHAIR GONZALES: Yeah, sure. And he may have  
5 had a translator but I'm unsure if that translator was  
6 actually either in the stewards box or by the phone. I  
7 mean, the translator might have been available, as they  
8 often are. But just, you know, again, just for our  
9 preparation, you know, putting the welcome out for  
10 international competition to scale, I would just say, you  
11 know, that would be the minimum.

12 So I know we have time to work on this. We  
13 obviously have a lot of other issues. But I know we have  
14 the leadership and expertise with, as I said, stakeholders,  
15 you, the chief, and anyone else. And then also making sure  
16 that, leading up to the Breeders' Cup, that we do  
17 communicate ahead of time that that we would be handling  
18 this situation in in a way that that allows somebody to  
19 communicate clearly so that stewards and others have the  
20 full -- the full scope of what developed on the racetrack.

21 EXECUTIVE DIRECTOR CHANEY: Right. I will say,  
22 just because I've been there, literally in the room, at the  
23 beginning of every meet the stewards have a meeting with the  
24 jockeys, right, and go over procedures for claiming foul,  
25 because it's different from state to state and track to

1 track. And then both mornings of Breeders' Cup, because we  
2 have so many individual jockeys, have a meeting in the  
3 jockey's room, you know, to go over the procedures. So I  
4 think we're well on our way. We just need to close that  
5 loop.

6 VICE CHAIR GONZALES: Sure. Thank you very much  
7 for that.

8 But other than that, it was a great Kentucky  
9 Derby. Everyone should be excited about the Preakness this  
10 coming weekend, you know, and hopefully it'll be a safe  
11 Triple Crown, so it's serious.

12 Thank you.

13 CHAIR FERRARO: Yeah. okay, now we're moving on  
14 to public comment period?

15 EXECUTIVE DIRECTOR CHANEY: Yeah. I think, from  
16 what I understand, we have a fair number.

17 CHAIR FERRARO: Yes.

18 EXECUTIVE DIRECTOR CHANEY: So maybe we should  
19 just have people line up to --

20 CHAIR FERRARO: Yeah, whoever wants to speak, I think  
21 there's five of you --

22 EXECUTIVE DIRECTOR CHANEY: Five. Five.

23 CHAIR FERRARO: -- that signed up.

24 (Off mic colloquy between Commissioners.)

25 Good morning. Do you want me in the hot seat? Is

1 this fine?

2 EXECUTIVE DIRECTOR CHANEY: Good morning. No, you  
3 can stand right there if it's more comfortable.

4 Okay. All right.

5 EXECUTIVE DIRECTOR CHANEY: So if everyone could,  
6 the meeting is not over by any stretch, so if you have side  
7 conversations, please exit the room.

8 CHAIR FERRARO: Go ahead, sir. Be sure to state  
9 your name and organization, please.

10 MR. LARKIN: Sure. My name is Patrick Larkin  
11 (phonetic). I'm a guard at Golden Gate Fields, and I'm also  
12 on the negotiating team for the effect bargaining with  
13 Stronach and First Racing. And, basically. I'm just here to  
14 bring a little light to what's happening with the  
15 negotiations of our effects bargaining as we wind down.

16 We're doing real good on agreeing on most things,  
17 except for Golden Gate Fields subcontracted out its  
18 Janitorial Department for like ten years, from like 2012 to  
19 2021. And when it comes to people retiring right now,  
20 they're not counting the time that they were subcontracted  
21 out. So a lot of our janitors, per se, have been on staff  
22 for like 20 years and are only getting 10 years seniority  
23 for a severance package because they're not counting the 10  
24 years. It's a big chunk, in between 2012 and 2021, I  
25 believe.

1           Basically, we're just trying to bring this to  
2 light, but it affects some people greatly because, like I  
3 said, it makes their seniority or their time on station, it  
4 drops it like by ten years. And we have some examples of  
5 those here with us today.

6           And, yeah, so here we have them.

7           MR. ESCALANTE: Marcos Escalante, Teamsters 495.  
8 I'm also here for the, as you know, the closure for Golden  
9 Gate Fields. We started bargaining effects on that as well.

10  
11           Just wanted to report that the offer was a little  
12 mediocre. And we want you to take into consideration, these  
13 are working families who have people who depend on them.  
14 And what kind of message is the industry sending out to  
15 people who've dedicated their life to this industry and  
16 their craft?

17           So we would like that Board to take that into  
18 consideration.

19           EXECUTIVE DIRECTOR CHANEY: Can I just ask really  
20 quickly, what union are you a part of?

21           MR. ESCALANTE: Teamsters 495.

22           EXECUTIVE DIRECTOR CHANEY: 495. And that's -- is  
23 everyone janitorial staff? Is it just the one?

24           MR. ESCALANTE: No. We have a couple  
25 classifications running out of Golden Gate Fields.

1 EXECUTIVE DIRECTOR CHANEY: Okay. Thank you.

2 MR. PINNEY: Good morning, Mr. Chairman. My name  
3 is Jonathan Pinney. I'm here with Teamsters is local 853  
4 out of Oakland. I represent around 50 employees there, such  
5 as the outriders, the stable gates, and everything else.

6 I'm here to let you guys know, also, that the  
7 offer that we're being handed, extended to, to our members  
8 is way below the standard that we have negotiated with  
9 several companies that have had to close their doors over  
10 the years. You know, these people are going to be walking  
11 away after the last day with less than two weeks of salary  
12 in their pocket, and a lot of them with no healthcare  
13 benefits.

14 And being that they're in a specialized craft, I  
15 would call it, it's going to be hard for the unions to  
16 retrain these people and get them jobs in other types of  
17 industries, right, unless they can go to the fairground  
18 races.

19 So we're just asking you guys to talk to them and  
20 see what we can do to get the best for these working  
21 families.

22 Thank you.

23 CHAIR FERRARO: Thank you.

24 Hello, my name is Mauricio Andrada (phonetic). I  
25 come in for SEIU-USWW (phonetic), and I want to share with

1 you one history of one of the janitors, our partners Patrick  
2 told before.

3 Let me introduce Osvaldo Calderon (phonetic). And  
4 I want to try to be the translator because he is just like  
5 speaking Spanish.

6 (Mr. Andrada translates Spanish to English for Mr.  
7 Calderson.)

8 MR. CALDERON: Good morning, I am Osvaldo  
9 Calderon, I am a janitor for Golden Gate Field. He has 14  
10 years working, just (indiscernible) 4 years. He asks for  
11 your support, because he asks you, what do you do if your  
12 job losing ten years, and just recognize your company just  
13 for four years?

14 And he said thank you so much for your support,  
15 and please push for this situation to change for the best  
16 for their families.

17 MS. SANDOVAL: Good morning to all. My name is  
18 Carmen Sandoval. I'm working at the Oakland Coliseum and  
19 I've been there for 24 years. I'm an (indiscernible) in the  
20 USWW, SEIU-USWW. I'm here to support the Golden Gate Fields  
21 workers.

22 All Union members, the brothers and sisters, they  
23 have to -- well, they have to respect for those years they  
24 are working there. They are losing ten years of their life,  
25 and the families. It's not acceptable because they are

1 working hard. There are people working hard for a long,  
2 long time. It's, what I say, it's not acceptable to pay  
3 only 1 year, when they have 11, 20 years or more, and just  
4 pay little, little years of the service, okay?

5 No one union member should be -- should we have  
6 ten years of their life thrown away. Please take a  
7 consideration, this issue for the workers.

8 Thank you.

9 CHAIR FERRARO: Thank you very much.

10 VICE CHAIR GONZALES: Mr. Chairman, if I can ask,  
11 for the individuals that just presented, if you could write  
12 your name down on a paper with your phone number, which  
13 Local, all of you if you could, and then I'll communicate  
14 with Commissioner Castellanos and maybe there is something  
15 that we could do. I do recall The Stronach Group, when they  
16 announced the closure, that they were going to devote  
17 resources towards what I would describe as making workers  
18 whole and that they would be honoring all of their union  
19 contracts and negotiations.

20 So we do, you know, I think it's fair to say that,  
21 you know, we're all Governor Newsom appointees here. We  
22 respect workers. We know it's important that you came here,  
23 you spent gas, took time off from work. But I just want you  
24 to know we will look into this. But it's going to be  
25 important that we know how to communicate with you. But you

1 can count on us to communicate with them to figure out what  
2 it is that we can do.

3 CHAIR FERRARO: May I just --

4 EXECUTIVE DIRECTOR CHANEY: And I know you  
5 signed -- I think most of you signed in. If you want to put  
6 contact, you're not required to, happy to communicate with  
7 you, so please do. Okay. Thank you.

8 VICE CHAIR GONZALES: You guys, well, right ,you  
9 guys put contact info there too? All right. Good, good,  
10 good.

11 COMMISSIONER ALFIERI: I just had a text from  
12 Commissioner Castellanos and he is actually listening to  
13 this meeting right now.

14 VICE CHAIR GONZALES: Oh, great.

15 COMMISSIONER ALFIERI: So --

16 VICE CHAIR GONZALES: Okay, Yeah, thank you,  
17 Damascus, for this.

18 COMMISSIONER ALFIERI: -- he appreciates his  
19 brethren and sisters to be here.

20 VICE CHAIR GONZALES: Great.

21 CHAIR FERRARO: Thanks very much.

22 Do we have any other comments from the Board?

23 Thank you all for coming and taking the time to  
24 present your problems. We appreciate it.

25 We have to go into closed session now, so I have

1 to ask everybody to vacate. And we will reconnoiter just to  
2 adjourn the meeting at the end?

3 So we'll take about ten minutes and then we're  
4 going to go into closed session.

5 (Closed session from until 11:12 a.m. until 11:39 a.m.)

6 CHAIR FERRARO: Okay, can I have a motion to  
7 adjourn, please?

8 COMMISSIONER HUDNUT: So moved.

9 COMMISSIONER ALFIERI: Second.

10 CHAIR FERRARO: Commissioner Davis?

11 COMMISSIONER DAVIS: Yes.

12 CHAIR FERRARO: Commissioner Gonzales?

13 VICE CHAIR GONZALES: Yes.

14 CHAIR FERRARO: Commissioner Alfieri?

15 COMMISSIONER ALFIERI: Yes.

16 CHAIR FERRARO: Commissioner Hudnut?

17 COMMISSIONER HUDNUT: Yes.

18 CHAIR FERRARO: And the Chairman votes yes. The  
19 meeting is adjourned. Thank you very much.

20 (The regular meeting of the California Horse Racing Board  
21 adjourned at 11:39 a.m.)

22

23

24

25

## 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 21st day of May, 2024.



MARTHA L. NELSON, CERT\*\*367

## CERTIFICATE OF TRANSCRIBER

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

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

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



MARTHA L. NELSON, CERT\*\*367

May 21, 2024