

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of: )

)

Regular Meeting )

)

CAL EXPOSITION AND STATE FAIR GRANDSTAND

1600 EXPOSITION BOULEVARD

SACRAMENTO, CALIFORNIA

THURSDAY, SEPTEMBER 19, 2024

9:30 A.M.

Reported by:

Elise Hicks

APPEARANCES

BOARD MEMBERS

Gregory Ferraro, Chair

Oscar Gonzales, Vice Chair

Damascus Castellanos, Commissioner

Dennis Alfieri, Commissioner

Brenda Washington Davis, Commissioner

Thomas Hudnut, Commissioner

John Carvelli, Commissioner

STAFF

Scott Chaney, Executive Director

Robert Brodnik, Chief Counsel

Amanda Brown, Staff Counsel

Jeff Blea, Equine Medical Director

ALSO PRESENT

W. Chapman Hopkins, Counsel, Stoll Keenon Oden PLLC

Larry Swartzlander, California Authority or Racing Fairs

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

Justin Oldfield

Bill Nader, Thoroughbred Owners of California

Josh Rubinstein, Del Mar Thoroughbred Club

Tom Robbins, Del Mar Thoroughbred Club

Eric Sindler, Monarch Content Management, LLC

APPEARANCESALSO PRESENT (cont'd)

Christopher Schick, Golden Bear Racing

Drew Couto, Los Alamitos Race Course

John Latimer, Capitol Advocacy, on behalf of Los Alamitos  
Race Course

Aiden Butler, President of 1/ST Racing Company

PUBLIC COMMENT

Morgan Fussell, Hoof Pick Racing Partners

Blaine Wright, Owner/Trainer

George Schmitt, Owner

Alan Balch, California Thoroughbred Trainers

Gloria Haley, Owner/Trainer

Rozamund Barclay, Owner/Breeder/Trainer

Mark Haynes, Owner

Johnny Tabonoa, Owner

Jamey Thomas, Owner/Trainer

Dean Marcic, Owner/Breeder

Julia Daehling-Oldfield, Breeder, Trainer

Becky Bartling, CEO, Sonoma County Fair

James Morgan, Humboldt County Fair

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matters, as authorized by section 11126 of the Government Code.

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

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P R O C E E D I N G S

10:05 A.M.

(THE MEETING WAS CONDUCTED USING AMBIENT DIGITAL RECORDERS  
DUE TO A POWER OUTAGE AT  
CALIFORNIA EXPOSITION AND STATE FAIR GRANDSTAND)  
THURSDAY, SEPTEMBER 19, 2024

CHAIR FERRARO: We have no live coverage, although  
this meeting is being recorded and will be transcribed  
later, but there's no live coverage now.

Obviously, we have no microphones, so we're going  
to ask everybody to hold the side conversations and any  
noise so at least you can hear what we have to say, even  
though you may not like it.

So with that, we'll get started.

Ladies and gentlemen, this meeting of the  
California Horse Racing Board will please come to order.  
This is the regular noticed meeting of the California Horse  
Racing Board on Thursday, September 19th, 2024, at the  
California Exposition and State Fair Grandstand, 1600  
Exposition Boulevard, Sacramento, California.

Present at today's meeting are: myself, Dr.  
Gregory Ferraro, Chair; also Oscar Gonzales, Vice Chair;  
Dennis Alfieri, Commissioner; John Carvelli, our new  
Commissioner, and if you haven't met him, he's on the end of

1 the line here; Damascus Castellanos, Commissioner; Brenda  
2 Washington Davis, Commissioner; Thomas Hudnut, Commissioner;  
3 and Scott Chaney, Executive Director.

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

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

12           Unsolicited speakers are limited to two minutes.  
13 During all public comments a tone will sound to indicate  
14 that a speakers time is up. The Board may ask questions of  
15 individuals who speak, which may extend their two-minute  
16 time limit.

17           There are public comment sign-in sheets located at  
18 the designated table to my right for each agenda item on  
19 which the Board invites comments. There is also a sign-in  
20 sheet for those wishing to speak during the public comment  
21 for matters not on the Board's agenda if it concerns horse  
22 racing in California. Please print your name on sign-in  
23 sheets so we can clearly call your name properly.

24           When a matter is open for public comment and you  
25 come to the podium, introduce yourself by stating your name

1 and organization. This is necessary for the court reporter  
2 to have a clear record of all who speak. When your two  
3 minutes are up, I'll ask you to return to your seats so  
4 others can be heard.

5 I will insist that all speakers stay strictly on  
6 topic for each agenda item. If a speaker strays off topic,  
7 I will ask to move to the next speaker. If a speaker  
8 repeats themselves, I will ask the speaker if they have any  
9 new comments to make. If there are none, the speaker will  
10 be asked to let others make comments to the Board.

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

18 And with that, we'll begin the meeting.

19 We have to approve minutes from the last meeting.  
20 There were only four of us. So can we start with a motion  
21 from Commissioner Davis to approve?

22 COMMISSIONER DAVIS: I move.

23 COMMISSIONER HUDNUT: Second on that.

24 CHAIR FERRARO: So Davis?

25 COMMISSIONER DAVIS: Yes.

1 CHAIR FERRARO: Hudnut?

2 COMMISSIONER DAVIS: Yes.

3 CHAIR FERRARO: Who was the fourth?

4 EXECUTIVE DIRECTOR CHANEY: It was Ferraro,  
5 Gonzales, Davis, Hudnut.

6 VICE CHAIR GONZALES: I'm a yes.

7 CHAIR FERRARO: Oh, Gonzales, yes.

8 VICE CHAIR GONZALES: I'm a yes.

9 CHAIR FERRARO: And Ferraro is a yes. Okay. Got  
10 that out of the way.

11 Number two is discussion and action by the Board  
12 regarding the Keeneland Championship Sale request for  
13 authorization of its upcoming horse sale at the Breeders'  
14 Cup in Del Mar, California, pursuant to CHRB Rule 1807,  
15 Authorized Horse Sales.

16 Mr. Hopkins, did you want to say something?

17 MR. HOPKINS: Good morning. Thanks for having  
18 this here today. I'm Chapman Hopkins, here on behalf of  
19 Keeneland Association. I know you all have been provided  
20 with a little bit of an overview in your materials, but what  
21 is before you is an application to conduct an inaugural  
22 auction conducted at the Breeders' Cup World Championships  
23 at Del Mar.

24 Keeneland Association is a racing and auction  
25 company based in Kentucky, the world's leader in auctioning

1 horses and horse interests. What we are proposing is an  
2 event where we would conduct an auction, digital in nature  
3 but with a physical presence at this year's World  
4 Championships at Del Mar.

5           Keeneland has long been a promoter and an advocate  
6 for innovation in the sport of thoroughbred racing and  
7 breeding, and Keeneland recognizes the vital role that  
8 California plays in the broader ecosystem of thoroughbred  
9 racing and breeding. So we're really excited that this  
10 inaugural event can take place in California at Del Mar,  
11 centered around the World Championships.

12           To give you a little bit of an overview, and I'm  
13 happy to answer questions, what this would look like is  
14 offering a select number of horses that are participating in  
15 this year's Breeders' Cup, along with horses that have  
16 connections to those interests, and then more than likely  
17 one or two standing chairs, as well, that have connections  
18 to horses in the Breeders' Cup.

19           In terms of numbers, we're looking at somewhere  
20 between 10 and 20 interests. What we're proposing is the  
21 sale of minority but material interest in horses, so not  
22 selling one percent, two percent. Likely, through the  
23 conversations we've had, it will be 25, 30, 40 percent  
24 interest in these horses.

25           Structurally, the way it would work is once we

1 know a little bit better idea of what horses are going to  
2 participate in the Breeders' Cup, we will have prospective  
3 purchasers pre-register through an online portal so that we  
4 know the universe of buyers. They will complete the  
5 registration process. For those prospective purchasers that  
6 are not already licensed in California, they will go ahead  
7 and complete an application for an owner's license that will  
8 be held on file. That way we're -- the CHRB is able to kind  
9 of pre-vet, make sure there are no issues on prospective  
10 purchasers.

11           The sale will take place on Wednesday before the  
12 Friday and Saturday of Breeders' Cup races. Obviously, with  
13 entries being taken on Monday, we've worked closely with the  
14 CHRB and the stewards so far to make sure that there's a  
15 seamless way for ownership to be changed after the fact. As  
16 a condition of this, we will not allow any trainer or jockey  
17 to be changed. So from a welfare standpoint, continuity  
18 standpoint, all of that will remain the same.

19           We will ensure that there are mechanisms in place  
20 to make sure the any ownership transfer is done consistent  
21 with CHRB rules, providing a bill of sale that's notarized,  
22 and then working closely with our partners at the Breeders'  
23 Cup and Del Mar to make sure the event is a success.

24           So we're really excited about this. It takes  
25 cooperation from California, from the Breeders' Cup, from

1 Del Mar, and we've been able to work closely together to  
2 launch this event. We I think it's something that can be  
3 really successful going forward. And again, just really  
4 exciting and innovative idea that we're looking forward to.

5 Happy to answer any questions.

6 CHAIR FERRARO: What time of day is the sale going  
7 to take place?

8 MR. HOPKINS: The sale will take place from 6:30  
9 to 7:30. It's going to be conducted in the paddock. We'll  
10 open the doors. It's invite only. It will be --

11 COMMISSIONER DAVIS: A.M.?

12 MR. HOPKINS: P.M., sorry, P.M. And open the  
13 doors at 5:30, conduct the sale from 6:30 to 7:30. And then  
14 we're really trying to make it an exciting event, so we'll  
15 stay on premises until about nine o'clock, but we'll have  
16 cocktails, hors d'oeuvre, fully build out the infrastructure  
17 within the paddock.

18 CHAIR FERRARO: Do we have any questions from the  
19 Board?

20 COMMISSIONER HUDNUT: Yeah. Intriguing.

21 CHAIR FERRARO: We have no public comment?

22 Do we have a motion here?

23 VICE CHAIR GONZALES: I'll move. Gonzales moves.

24 COMMISSIONER DAVIS: Davis seconds.

25 CHAIR FERRARO: Commissioner?

1 COMMISSIONER CARVELLI: Aye. Is that what you  
2 were asking?

3 CHAIR FERRARO: Yeah. Give you first chance, your  
4 first chance.

5 Commissioner Davis?

6 COMMISSIONER DAVIS: Aye.

7 COMMISSIONER ALFIERI: Yes.

8 CHAIR FERRARO: Commissioner Alfieri?

9 COMMISSIONER ALFIERI: Yes.

10 CHAIR FERRARO: Commissioner Gonzales?

11 VICE CHAIR GONZALES: Yes. Yeah.

12 CHAIR FERRARO: Commissioner Castellanos?

13 COMMISSIONER CASTEALLANOS: Yes.

14 CHAIR FERRARO: I'm a little disoriented here.

15 Commissioner Hudnut?

16 COMMISSIONER HUDNUT: Yes.

17 CHAIR FERRARO: We're out of our normal routine  
18 here. Yeah. Okay.

19 Congratulations.

20 MR. HOPKINS: Well, we really appreciate it and  
21 look forward to it, and thank you for your time.

22 CHAIR FERRARO: Thanks. Good luck.

23 All right, item number three, discussion and  
24 action by the Board on the Application for License to  
25 Conduct a Horse Racing Meeting as Golden State Racing

1 Association at Pleasanton, commencing October 16th, 2024,  
2 through December 24, 2024, inclusive.

3 Gentlemen?

4 MR. SWARTZLANDER: Good morning, Chairman,  
5 Commissioners. This is Larry Swartzlander, Executive  
6 Director of CARF, and also the Director of Racing for Golden  
7 State Racing. I have -- Jerome Hoban here is President of  
8 the CARF board. Also, I have Justin Oldfield who may like  
9 to speak as the Chairman of our Northern California  
10 Subcommittee.

11 Louder? I was trying to be calm.

12 CHAIR FERRARO: Well, it's not us, it's the rest  
13 of --

14 (Background colloquy)

15 MR. SWARTZLANDER: All right, I'll start with the  
16 routine information here. This is a 26-day meet. It will  
17 be in Pleasanton. First day of racing starts on the 19th of  
18 October and we conclude live racing on the 15th, with the  
19 actual meet ending on the 24th. And then we reconvene the  
20 new winter-spring meet on the 26th of December.

21 The meet has, there's discussion of this at the  
22 purse level, but it will be at least be \$4 million in purses  
23 paid out during the meet. That'd be six stakes races. All  
24 stakes races are \$75,000. One will be a Cal-bred race.

25 And just to give you a bit of transition or

1 background, when we started this process, at least in my  
2 mind, and I won't speak for the TOC, the purse structure  
3 that we would use at Golden State Racing would be the same  
4 overnight structure as used on the fairs, i.e. Pleasanton,  
5 and that was acceptable to the horsemen at that point. The  
6 stakes' schedule was always in flux as to what, normally  
7 there's \$50,000 stakes, there's \$75,000. At one point we'd  
8 reduce all the stakes to \$50,000.

9           As discussions moved on, I worked with Bill and we  
10 agreed that we would raise the stakes back to \$75,000, all  
11 of them, and then we raised the conditioned allowance races  
12 and maiden special weights by a \$1,000. And again, that was  
13 put on the Board for the Northern TOC Committee and the  
14 horsemen, they all concurred with that, and that's basically  
15 where we're at right now.

16           The TOC's position is that they want to raise the  
17 overnights approximately four, five, six percent, which  
18 would put it's a major overpayment status. So the first  
19 structure I recommend to you is one where the overnights are  
20 the same as they were in Pleasanton, and the stakes will be  
21 \$75,000. The conditioned allowance and maiden special  
22 weights will be raised \$1,000.

23           CHAIR FERRARO: All right, Larry, just to be  
24 clear, when you first proposed, made a proposal to the Board  
25 and outlined the purses, they were higher than what you're

1 recommending now; is that correct?

2 MR. SWARTZLANDER: At what time was that?

3 CHAIR FERRARO: Well, back there in March, when we  
4 were trying to get this thing organized.

5 MR. SWARTZLANDER: Well, the only thing that was  
6 clear back then was the benchmark. The bill came up as \$4.4  
7 million. I never conceded that we would actually raise the  
8 purses. I didn't say we wouldn't, I said that would attempt  
9 to make the benchmark. That was for the benefit of the  
10 horsemen. If the horsemen, if that's what they were going  
11 to tie me to, we'd work on it.

12 That turned out, March was, you know, a few months  
13 ago. Things have changed. Handle has declined, you know,  
14 and the projection of purses simply has gone down. And in  
15 my projections that I put out, it's very clear that under  
16 the proposal that the TOC has given us, we'll be \$880,000  
17 overpaid.

18 Now, in doing the math for the meet itself and the  
19 other projection, we've -- it's acceptable to be \$400,000 or  
20 \$500,000 over, because the spring meet, the handle is much  
21 higher, we can recoup the debt. So that was sort of the  
22 benchmark. And the first structure I'm proposing to you  
23 here is that we would end up in the range of \$400,000  
24 overpay.

25 Now, if the handle goes up, you know, and if it

1 doesn't, you've got to understand too that I have to take  
2 the handle that Golden Gate did last year. And so how's  
3 that going to equate to this year? So actually, I reduced  
4 it a certain percentage, you know, and that's a barrier. So  
5 things are in total flux there, so this is where we're at  
6 right now.

7           In the meet itself, there's approximately \$300,000  
8 dedicated to marketing. We have many special events and  
9 just, you know, we have all the -- Pleasanton has a very  
10 strong marketing staff. And that's the other thing I want  
11 to explain to you, you, that the Golden State Racing is a  
12 strong work between Alameda County Fair and CARF. CARF was  
13 never staffed to do all the things that are required for a  
14 major meet, human resources, finances. And we finalized  
15 that and everything's in good standing. And the marketing  
16 department is very strong.

17           And just to give you an example of some of the  
18 things, events that occur on weekends, we have Oktoberfest,  
19 the Breeder's Cup Day Wine Festival, Brandon Charcoal Hoards  
20 (phonetic) Food Truck Festival, St. Patty's Day Queen,  
21 Chinese New Year, El Camino Race Day, Cinco de Mayo,  
22 Kentucky Derby Day, this is going on to next year, too, but  
23 every weekend, something will be planned.

24           And right now, the box seats and the terrace and  
25 upstairs director lounges, all seats are all available right

1 now. They've started selling them. CARF has put in over  
2 \$1.2 million into improvements to Alameda. We're at the  
3 point right now, we have 960 stalls at Alameda. We plan to  
4 put another 36 in the first of the year. That will put us  
5 around 1,010. Right now we have stall applications for  
6 1,000 horses.

7           The horse population I'm very proud of. It's  
8 maintained, it's strong. And I know most of you didn't see  
9 it yesterday, but the anticipation, it's the first time in  
10 years as a director of racing that I had to turn down five  
11 or six horse fields yesterday for entries in Fresno. It's  
12 phenomenal.

13           And I want to thank the horsemen in Northern  
14 California. They are united, they want to make this work,  
15 and that's our intent.

16           CHAIR FERRARO: So what kind of claiming rates are  
17 you going to offer? What's the bottom claiming?

18           MR. SWARTZLANDER: The bottom claiming is -- is it  
19 still \$3,200? \$3,200.

20           CHAIR FERRARO: \$3,200 or \$32,000?

21           MR. SWARTZLANDER: I wish it was \$32,000,  
22 Chairman. \$3,200, yeah.

23           CHAIR FERRARO: Yeah. Okay.

24           MR. SWARTZLANDER: And we had a lot of trainers  
25 that don't have that caliber of horse. You've got to

1 remember, too, that these \$3,200 claimers are pretty tough.  
2 I mean, I used to have a claimer that was \$5,000, you know,  
3 and they -- you would get calls all the time from tracks  
4 back east. They wanted to buy your horse and take it back  
5 east because of the conditions. They're really tough here  
6 in California, so --

7 CHAIR FERRARO: So there was some concern about  
8 your security issues. Have those been resolved?

9 MR. SWARTZLANDER: I'll let Jerome comment on  
10 that.

11 MR. HOBAN: Essentially, yes, but we're continuing  
12 to build that team so we have an in-house presence and  
13 continue to work with CHRB investigators to satisfy their  
14 needs.

15 CHAIR FERRARO: Okay.

16 MR. HOBAN: It's certainly not being swept under  
17 the rug. We have more work to do.

18 CHAIR FERRARO: We realize it was a significant  
19 problem; right?

20 MR. HOBAN: Significant? I think it got written  
21 up one way, and we've had some discussions about it with the  
22 investigators. But I think if it's not solved already, it  
23 going to continue to be top line of our concern.

24 CHAIR FERRARO: And how about the water issue? I  
25 know you're working with the State Board. Is there any

1 issues or rulings by them that are going to affect this  
2 current meet? Certainly, next year is going to be a  
3 problem.

4 MR. SWARTZLANDER: Not to my knowledge. We're at  
5 our next milestone in completing the plans are required and  
6 everything's understand control.

7 CHAIR FERRARO: Okay. Any other questions from  
8 the Commissioners?

9 MR. SWARTZLANDER: Can Justin speak to you?

10 EXECUTIVE DIRECTOR CHANEY: Can I ask a few?

11 CHAIR FERRARO: Yeah, yeah, go ahead.

12 EXECUTIVE DIRECTOR CHANEY: Yeah, Larry, can  
13 you -- I have a few questions.

14 In your application, it says, "Eight races on  
15 Friday, nine races on Saturday, nine on Sunday." Is that

16 MR. SWARTZLANDER: Yeah. That was part of the  
17 agreement, yes.

18 EXECUTIVE DIRECTOR CHANEY: So it's 18 -- 26 total  
19 per week? Oh, okay. I thought it was --

20 UNIDENTIFIED MALE: I thought it was 24.

21 MR. SWARTZLANDER: Are you reading from my  
22 application?

23 EXECUTIVE DIRECTOR CHANEY: I'm reading from the  
24 application we're considering right now.

25 MR. SWARTZLANDER: The numbers that I believe I

1 put in there were 899 (phonetic).

2 EXECUTIVE DIRECTOR CHANEY: Okay, just making sure  
3 that's correct. And then it says \$4.24 million for the  
4 meet, \$163,000 for the per-day.

5 MR. SWARTZLANDER: That was in the license  
6 application.

7 EXECUTIVE DIRECTOR CHANEY: Okay. Do you happen  
8 to know what the -- like what you -- the intended purse  
9 levels for Alameda County Fair were?

10 MR. SWARTZLANDER: They were approximately, I  
11 mean, it's subjective, they were appropriate --

12 EXECUTIVE DIRECTOR CHANEY: No, no, what was in  
13 the license app? Like what was the -- what would you -- I  
14 know you plan on him being overpaid. I'm just trying to,  
15 for context, I'm trying to get the Board to --

16 MR. SWARTZLANDER: They were about eight percent  
17 less than last year on the fairs.

18 EXECUTIVE DIRECTOR CHANEY: okay. I mean, I can  
19 look up the license application.

20 MR. SWARTZLANDER: But what specifically do you  
21 want me to answer?

22 EXECUTIVE DIRECTOR CHANEY: I want you to -- I  
23 want to know the relationship to the --

24 MR. SWARTZLANDER: The dates?

25 EXECUTIVE DIRECTOR CHANEY: You plan on running

1 \$163,000 per day. Like what did you planned on running at  
2 Alameda County Fair? The same?

3 MR. SWARTZLANDER: Yeah, similar, yes. Yes.

4 EXECUTIVE DIRECTOR CHANEY: Okay. But you were  
5 overpaid; right?

6 MR. SWARTZLANDER: Yes, we were overpaid.

7 EXECUTIVE DIRECTOR CHANEY: So like what did you  
8 actually come in on? I'm just trying to get it --

9 MR. SWARTZLANDER: Alameda --

10 EXECUTIVE DIRECTOR CHANEY: -- because it's going  
11 to come down to like what's realistic, what the Board thinks  
12 is right --

13 MR. SWARTZLANDER: The bottom line with Alameda?

14 EXECUTIVE DIRECTOR CHANEY: The TOC's going to  
15 have an opinion.

16 MR. SWARTZLANDER: The bottom line with Alameda,  
17 they were about \$380,000 a year.

18 EXECUTIVE DIRECTOR CHANEY: Okay, and that spread  
19 over --

20 MR. SWARTZLANDER: Four weeks.

21 MR. HOBAN: Four weeks.

22 EXECUTIVE DIRECTOR CHANEY: Okay, so I guess I can  
23 try to figure out like what you actually -- it was some  
24 number less than \$163,000.

25 MR. SWARTZLANDER: Yes, it was.

1 EXECUTIVE DIRECTOR CHANEY: Was it \$140,000 per  
2 day?

3 MR. SWARTZLANDER: It was in the \$150,000 range,  
4 yes.

5 EXECUTIVE DIRECTOR CHANEY: \$150,000?

6 MR. SWARTZLANDER: You know, and just to point  
7 out, we had the Pleasanton Wild Race this year, too, which  
8 paid out \$400,000 in one day. And it's a situation where  
9 it's a great event, it's done a lot good for the sport, but  
10 the handle was not that good this year for some reason. So  
11 that was a -- actually, when we went into that day, we were  
12 only like \$75,000 underpaid --

13 EXECUTIVE DIRECTOR CHANEY: Right.

14 MR. SWARTZLANDER: -- that particular day.

15 EXECUTIVE DIRECTOR CHANEY: At the \$4.24 million,  
16 do you think you'll be overpaid for the Golden State Racing  
17 meet?

18 MR. SWARTZLANDER: Yes.

19 EXECUTIVE DIRECTOR CHANEY: Okay. And is it going  
20 to be possible, like do you have a limit that you can be  
21 overpaid? I mean, obviously, like the bigger tracks has  
22 bigger purses --

23 MR. SWARTZLANDER: I said \$500,000.

24 EXECUTIVE DIRECTOR CHANEY: -- bring bigger  
25 pockets.

1 MR. SWARTZLANDER: \$500,000.

2 EXECUTIVE DIRECTOR CHANEY: That's the limit, then  
3 you would have to cut purses? Do you --

4 MR. SWARTZLANDER: Well, not necessarily cut  
5 purses, just you have to be more stringent in your  
6 management of the races you field.

7 EXECUTIVE DIRECTOR CHANEY: So cheaper races, you  
8 don't have to pay out as much?

9 MR. SWARTZLANDER: And you don't want to do that,  
10 of course, because you get a lot of allowance horses --

11 EXECUTIVE DIRECTOR CHANEY: Right.

12 MR. SWARTZLANDER: -- sitting there.

13 EXECUTIVE DIRECTOR CHANEY: Now, but Pleasanton is  
14 the highest, right, out of --

15 MR. SWARTZLANDER: Yes. Yes.

16 EXECUTIVE DIRECTOR CHANEY: -- all the CARF fairs.  
17 Cal Expo is significantly less. Certainly, Fresno is  
18 significantly -- I mean, Ferndale is significantly less.

19 MR. SWARTZLANDER: Ferndale is significantly less,  
20 but you still have the same purse structure as Sacramento  
21 and Fresno. As a matter of fact, at Fresno, the first three  
22 days, we would give away close to \$150,000 a day.

23 EXECUTIVE DIRECTOR CHANEY: Got it. But you  
24 oftentimes claw back some of that --

25 MR. SWARTZLANDER: Yes. Yes. And again --

1 EXECUTIVE DIRECTOR CHANEY: -- over payment as the  
2 fair season --

3 MR. SWARTZLANDER: -- there was a lot of allowance  
4 horses that had been sitting for three weeks with Humboldt  
5 running, you know, so you've got to get to where the  
6 conditioned races are going to go the first week. Now this  
7 week, like yesterday, the purses were about \$115,000 for  
8 eight races, so it's backward manageable, and you get back,  
9 get the overpayment reduced.

10 EXECUTIVE DIRECTOR CHANEY: Will it be harder to  
11 take back an overpayment if you don't have the fairs, you  
12 know, following like your, you know, top-dollar meet? I  
13 guess what I'm saying is like you're looking for, what, nine  
14 months of racing when we get to the allocation.

15 MR. SWARTZLANDER: Right.

16 EXECUTIVE DIRECTOR CHANEY: Like will it be more  
17 difficult if you're overpaid to get that money back, so you  
18 just don't keep adding to the --

19 MR. SWARTZLANDER: Well, once the fall meet is  
20 over, you know, that you -- and I've already talked to Bill  
21 about, too, is that again we're going into a new situation  
22 with a TOC agreement. Is it just like what Del Mar is doing  
23 to Santa Anita, they reduce purses. And we have to look at  
24 do we have to reduce the purses to accommodate, you know,  
25 what our loss was?

1           It's like I said before, in the fall meet, we are  
2 expecting to be \$500,000 overpaid.

3           EXECUTIVE DIRECTOR CHANEY: Got it.

4           MR. SWARTZLANDER: But looking at those same  
5 numbers that you carry into the winter-spring meet, you get  
6 it back because the handle is much higher with the Triple  
7 Crown races, et cetera.

8           CHAIR FERRARO: What winter-spring meet are you  
9 talking about?

10          MR. SWARTZLANDER: I'm talking about 2025,  
11 Chairman.

12          CHAIR FERRARO: 2025? There really is no winter-  
13 spring meet yet.

14          MR. SWARTZLANDER: Well, that's if you go to the  
15 winter-spring.

16          CHAIR FERRARO: Yeah.

17          MR. SWARTZLANDER: But I have to use that in my  
18 calculations, Chairman. Because, yes, sir, you have to  
19 combine them together as one year, so --

20          EXECUTIVE DIRECTOR CHANEY: Do you happen to know  
21 like what level Golden Gate was at the same meet last fall?

22          MR. SWARTZLANDER: \$200,000.

23          EXECUTIVE DIRECTOR CHANEY: They were paying  
24 \$200,000 a day? Probably a better number is like what were  
25 they paying at the end in June when they had cut purses 25

1 percent?

2 MR. SWARTZLANDER: That was about \$100,000.

3 EXECUTIVE DIRECTOR CHANEY: I mean, I'm just  
4 trying to be completely fair.

5 MR. SWARTZLANDER: That was about \$100,000 -- that  
6 was \$110,000, \$110,000.

7 EXECUTIVE DIRECTOR CHANEY: They were \$110,000?  
8 Got it.

9 Oh, one other question. Obviously, we're leading  
10 up to this TOC agreement missing, and also the ADW  
11 agreements are missing. What's the status on those?

12 MR. SWARTZLANDER: We have a -- we used to have a  
13 simulcast agreement with Monarch. Monarch chose not to  
14 continue to work with the Golden State Racing.

15 EXECUTIVE DIRECTOR CHANEY: Monarch is, for the  
16 benefit of everyone in the room, Monarch is 1/ST Racing --

17 MR. SWARTZLANDER: Yeah, 1/ST Racing.

18 EXECUTIVE DIRECTOR CHANEY: -- simulcast.

19 MR. SWARTZLANDER: And they handle the simulcast  
20 contracts for all out-of-state racing and ADW. And we've  
21 signed a contract with Churchill Downs. Churchill Downs is  
22 negotiating those right now. We expect to have it  
23 completed. There's a contract in place.

24 EXECUTIVE DIRECTOR CHANEY: Is there a timetable?  
25 I mean, I know we've -- and I'm not saying this is an

1 impediment to having a license, because I think we've  
2 granted license before, especially at the end of the year  
3 when these things normally come up, but do we know what the  
4 holdup is?

5 MR. SWARTZLANDER: Well, the date, I've shared  
6 before --

7 EXECUTIVE DIRECTOR CHANEY: And when we can  
8 expect?

9 MR. SWARTZLANDER: -- is 1 October --

10 EXECUTIVE DIRECTOR CHANEY: Okay.

11 MR. SWARTZLANDER: -- to have it done.

12 EXECUTIVE DIRECTOR CHANEY: Got it. Thank you.

13 CHAIR FERRARO: Go ahead.

14 MR. HOBAN: Mr. Chaney, I just want to -- you  
15 brought up an excellent point.

16 EXECUTIVE DIRECTOR CHANEY: Thank you. I don't  
17 hear that very often.

18 MR. HOBAN: And it's, no, it's the key to all of  
19 what is going to be discussed today, is Golden Gate Fields  
20 left off this 25 percent purse reduction. And that was  
21 \$110,000 a day. The vast majority of every fair day gave  
22 away more than that. And we still plan to give away more  
23 than that. So the benchmark was reset when Golden Gate  
24 closed. That is what we need to keep in mind as we move  
25 forward.

1 Related to that topic.

2 EXECUTIVE DIRECTOR CHANEY: Right. To be fair,  
3 the horsemen were pretty upset with the purse levels at  
4 Golden Gate Field.

5 MR. HOBAN: Absolutely, and that's why --

6 EXECUTIVE DIRECTOR CHANEY: So I'm not sure like  
7 \$110,000 is going to be acceptable to them.

8 MR. HOBAN: No, I don't believe it's a survivable  
9 rule for the horsemen or for us.

10 EXECUTIVE DIRECTOR CHANEY: Yeah.

11 MR. HOBAN: But we know where our benchmark is and  
12 anything better than that that we can agree upon, which is  
13 what we've been doing and working towards, is going to be  
14 the game plan. Because it's incumbent upon us to balance a  
15 budget. We're not the federal government. We don't print  
16 dollars; right? We've got to put this together in a  
17 responsible manner and that's what we're trying to do. And  
18 we believe that responsible is not going over \$500,000 in  
19 the fall-winter meeting, because we know that it has to be  
20 made up in the spring.

21 So, I mean, that's the bottom line. It's a  
22 balanced budget approach, and working with the partners,  
23 so --

24 EXECUTIVE DIRECTOR CHANEY: In running your  
25 numbers, do you think if you, let's say -- like I'm just,

1 I'm skeptical about this \$163,000 if the number was really  
2 \$150,000; right? But let's say you do the \$163,000, in  
3 theory, if you are able to sustain the \$163,000, January,  
4 February, March and so on, does that, because of increased  
5 wagering in the spring, does that bring back the \$500,000  
6 overpaid?

7 MR. SWARTZLANDER: That's the plan, yes.

8 EXECUTIVE DIRECTOR CHANEY: Got it.

9 EXECUTIVE DIRECTOR CHANEY: So keep the purse  
10 levels the same.

11 MR. SWARTZLANDER: But then, at the end of the  
12 meet, we'll understand, did that work, if we're sitting at  
13 \$700,000 or \$800,000.

14 EXECUTIVE DIRECTOR CHANEY: Sure. Sure.

15 MR. SWARTZLANDER: I mean, yeah.

16 EXECUTIVE DIRECTOR CHANEY: I mean, we know this  
17 is brand new.

18 MR. SWARTZLANDER: Right.

19 EXECUTIVE DIRECTOR CHANEY: This is uncharted  
20 territory. Okay.

21 CHAIR FERRARO: Commissioner Carvelli?

22 COMMISSIONER CARVELLI: Chairman, when is the  
23 right time to ask questions?

24 CHAIR FERRARO: Right now. Go ahead. If you have  
25 questions for these gentlemen, ask them.

1 COMMISSIONER CARVELLI: Okay. And forgive me.  
2 newbie here.

3 So there are -- are we discussing what the  
4 benchmarks are, what we hope them to be? Where are we on  
5 benchmarks with regard to your agreement with TOC and the  
6 other entities? And I'm talking about the purse averages,  
7 race days.

8 MR. SWARTZLANDER: Well, the benchmark provided by  
9 the TOC is \$4.4 million for the fall meet, and that's too  
10 high.

11 EXECUTIVE DIRECTOR CHANEY: It's \$150,000 more  
12 than you think you can do, \$156,000 more.

13 MR. SWARTZLANDER: Well, it's actually about  
14 \$250,000.

15 EXECUTIVE DIRECTOR CHANEY: Oh, okay.

16 MR. SWARTZLANDER: And again, it comes down to  
17 what races you're in, conditions.

18 COMMISSIONER CARVELLI: So the number of racing  
19 days per week and number of races, none of those benchmarks  
20 are agreed upon by the organizations, right, as we speak  
21 here today?

22 MR. SWARTZLANDER: No, the number of races are  
23 agreed upon and the three days per day.

24 COMMISSIONER CARVELLI: So it's the purses?

25 MR. SWARTZLANDER: Just the purses.

1 COMMISSIONER CARVELLI: And you don't have  
2 agreements with any, though, technically, you're supposed to  
3 have them to get approved by the Commission; correct?

4 MR. SWARTZLANDER: We agree on the stakes, but not  
5 on the overnight purse structure.

6 COMMISSIONER CARVELLI: The answer to my question  
7 is, no, you don't have agreements?

8 MR. SWARTZLANDER: No.

9 COMMISSIONER CARVELLI: So then you're going to  
10 ask for the approval of a license anyway?

11 MR. SWARTZLANDER: Yes.

12 COMMISSIONER CARVELLI: Okay. Do you have a plan  
13 to have an agreement with TOC before -- any time soon, or  
14 are you just hoping to get a license and figure it out?

15 MR. SWARTZLANDER: That's a question I'm  
16 presenting to the Board. I don't -- I mean, I'm at an  
17 impasse with the TOC. We can't reach an agreement.

18 COMMISSIONER CARVELLI: So you're asking the Board  
19 to determine --

20 MR. SWARTZLANDER: Yes.

21 COMMISSIONER CARVELLI: -- purses today --

22 MR. SWARTZLANDER: I'm asking the Board --

23 COMMISSIONER CARVELLI: -- to get a license or --

24 MR. SWARTZLANDER: -- to approve the purses I've  
25 proposed.

1 COMMISSIONER CARVELLI: Oh, (indiscernible) today  
2 before or after you get a license?

3 MR. SWARTZLANDER: Today would be fine.

4 COMMISSIONER CARVELLI: Okay. Thank you.

5 CHAIR FERRARO: Anybody else?

6 Justin, you have something to add here?

7 MR. OLDFIELD: Yeah, if I could just speak. I'll  
8 keep my comments focused. Can everybody hear me okay?

9 MR. SWARTZLANDER: When you turn around.

10 MR. OLDFIELD: When I turn around? I'll be loud.  
11 I can be loud.

12 Good morning, Mr. Chairman and Commissioners. My  
13 name is Justin Oldfield. My wife and I own and operate a  
14 large thoroughbred breeding and training facility in  
15 Northern California, and we're also breeders and owners and  
16 are personally invested in the future of this business.

17 I also have the pleasure to serve as the Chairman  
18 of the Northern California Racing Affairs Advisory Committee  
19 to CARF, Golden State Racing. Our committee is comprised of  
20 prominent owners, trainers, and breeders, and seek to  
21 collaborate with CARF and GSR leadership in real time to  
22 address challenges, more importantly, help build a strong  
23 foundation for the future racing in Northern California. We  
24 are a resilient group and have remained united and strong,  
25 even considering the deep and damaging purse cuts that

1 occurred at Golden Gate Fields earlier this year.

2 I'd like to focus my comments just by sharing two  
3 such facts.

4 One, horsemen in Northern California are united in  
5 support for our upcoming fall meet at Pleasanton. That  
6 includes those that are present this morning, the long list  
7 of individuals who signed the letter presented to you today,  
8 and all those, all the others that could not be here today.  
9 They are energetically in preparing for a successful day at  
10 Fresno tomorrow.

11 With that, I gave Scott a letter last night and  
12 we've got hundreds of signatures here from jockeys, owners,  
13 backside employees, union employees, sorry, I your name  
14 but --

15 EXECUTIVE DIRECTOR CHANEY: No, no, I got it.  
16 Yeah. No, it's better that way, probably. We'll set you  
17 back up here.

18 MR. OLDFIELD: As chairman of the committee, I've  
19 made myself available at any time, often at my wife's  
20 displeasure, to provide an update on our efforts. I have  
21 not spoken to a single horseman in the north that has  
22 disagreed with the course of action that is being proposed  
23 by CARF and GSR today. This is a new chapter for racing in  
24 Northern California and we are excited to build a future for  
25 racing with Pleasanton as our home.

1           Without a doubt, all horsemen want a race meet  
2 that will offer higher purses. Stakeholders have agreed  
3 that growing overpayments in the south have resulted in the  
4 need to cut purses. While that is unfortunate, as horsemen  
5 in the north, we believe it is critical to support purse  
6 structure that is reasonable and economically viable.

7           Regardless of past stakeholder discussions or  
8 agreements, it's critical we adopt the purse structure that  
9 is relevant to the information we have today regarding  
10 handle generation. That logic will most assuredly be  
11 applied to other purse structures under consideration today  
12 by CHRB, as it should be, and there is no difference here.

13           I want to underscore that, as northern Horsemen,  
14 we will be the individuals operating under the proposed  
15 purse structure. As such, CHRB should provide deference to  
16 our support of a purse structure that will provide long-term  
17 stability and certainty to northern horsemen. This support  
18 is also validated by the unanimous consent of the TOC  
19 Northern California Racing Affairs Committee. It's critical  
20 you do what is necessary today to approve a license with the  
21 purse structure offered by CARF and GSR.

22           Lastly, since CHRB awarded dates to CARF for this  
23 fall, CARF and Alameda County Fair are hard at work  
24 preparing for the new future of racing at Pleasanton. Over  
25 \$2.5 million has been spent to upgrade infrastructure, build

1 new stalls, secure the golf course. Trainers and owners  
2 have demonstrated a commitment by filling the nearly 1,000  
3 stalls on site with a list of more that want to come.

4           Hundreds of backside employees have been relocated  
5 to Pleasanton, with many purchasing RVs for their families  
6 to live on site. Equipment and infrastructure for their  
7 family -- or excuse me, to care for backside employees has  
8 been moved from Golden Gate Fields. CARF secured an  
9 environmental engineering firm and work is already ongoing  
10 to ensure compliance with federal, state, and local water  
11 quality regulations, just to name a few.

12           Simply stated, there's no turning back at this  
13 point. More work is underway, but we've done what we've  
14 been asked of us to put forward a viable racing circuit in  
15 Northern California. Turning back or adopting a purse  
16 structure that is not sustainable will result in irrevocable  
17 damages that will have long-standing economic consequences  
18 for those that depend on Pleasanton for their livelihoods  
19 and uncertainty for the significant capital investments that  
20 have been made there.

21           Therefore, a license for the fall must be awarded  
22 today. Thank you very much.

23           CHAIR FERRARO: Thank you.

24           Questions for Justin from the Board?

25           COMMISSIONER HUDNUT: Yes.

1           Just to clarify, please, the decision by the  
2 Northern California members of TOC was made in full  
3 knowledge of the proposed purse schedule?

4           MR. OLDFIELD: Yes, sir, and I'll let Bill speak  
5 to that.

6           COMMISSIONER HUDNUT: And it was made in full  
7 knowledge of the opposition this is a recommendation of the  
8 greater TOC Board?

9           MR. OLDFIELD: Yes, sir.

10          COMMISSIONER HUDNUT: Thank you.

11          CHAIR FERRARO: Anybody else?

12          EXECUTIVE DIRECTOR CHANEY: Can I ask one?

13          Justin -- or, sorry, Mr. Oldfield --

14          MR. OLDFIELD: Sorry. No, no, I'm sorry.

15          EXECUTIVE DIRECTOR CHANEY: -- I know you don't  
16 speak for every horseman in California or Northern  
17 California, but is there like -- you've have been outspoken  
18 about three days, like having three days is necessary, two  
19 days would not be sustainable --

20          MR. OLDFIELD: So I think, you know --

21          EXECUTIVE DIRECTOR CHANEY: -- or just not enough  
22 racing opportunities in order to --

23          MR. OLDFIELD: Yeah, so I'll say this, I think  
24 from a horseman's perspective, two days doesn't provide  
25 enough racing opportunities. But I'll also say that, you

1 know, early on, you know, when we were looking at developing  
2 a model and a plan that worked, you know, I felt it was  
3 important. That was one of the things TOC was asking for.  
4 I think it made sense from a horseman perspective. And so,  
5 you know, we really encouraged CARF and GSR to make sure  
6 that's part of their plan. And that was, frankly, part of  
7 the plan very early on.

8           So, you know, I certainly don't speak on behalf of  
9 every northern horseman. I would say that horsemen in the  
10 north, I can equivocally say horsemen in the north are more  
11 united now than they've ever been. And so, you know, we  
12 talk to people, talk to folks in this room, they'll tell you  
13 that this is the right approach and the right plan, and that  
14 does include the three days of racing.

15           So, you know, we're not against the guys in the  
16 south. We want to work with them. I thought that was a key  
17 piece to bring to the table early on.

18           EXECUTIVE DIRECTOR CHANEY: Is there like a  
19 minimum? I mean, it's \$110,000 seemed to be, you know,  
20 Northern California horsemen seem to be apoplectic in, you  
21 know, in the spring --

22           MR. OLDFIELD: I'll say it is --

23           EXECUTIVE DIRECTOR CHANEY: -- if it was at  
24 \$110,000. Is there like a minimum below which we shouldn't  
25 be operating?

1 MR. OLDFIELD: We're all different, right, in  
2 terms of what we can sustain and what we can afford. So I  
3 don't want to get into a position from a horseman's  
4 perspective of what horses are too low. I can tell you  
5 this --

6 EXECUTIVE DIRECTOR CHANEY: Right. Well, and the  
7 reason -- I'm not trying to be --

8 MR. OLDFIELD: Yeah. No, no, no, no, no.

9 EXECUTIVE DIRECTOR CHANEY: I'm not trying to pin  
10 you down because I think this Board is going to eventually  
11 be faced with the question, is there, you know, a number  
12 below which, if you're not generating the amount that you  
13 want --

14 MR. OLDFIELD: I see.

15 EXECUTIVE DIRECTOR CHANEY: -- that we should pull  
16 the plug, not it's -- the standard can't be we take whatever  
17 we're given. Like we want to run so badly that we'll take  
18 \$80,000 a day; right? Like at some point, I believe, we're  
19 going to have to come up with a number below which that we  
20 all agree is like racing is over.

21 MR. OLDFIELD: Yeah, I guess --

22 EXECUTIVE DIRECTOR CHANEY: -- and we have to  
23 acknowledge that. I'm not saying we're there, but I think  
24 we need to start speaking in those terms just -- so \$110,000  
25 seems to be too low; is that fair?

1 MR. OLDFIELD: Well, I guess what I want to say, I  
2 don't want to say that it is too low. I don't want to  
3 speculate on that because everyone is different.

4 However, I will say, the reason why the purse cuts  
5 at Golden Gate Fields, from my perspective and many others,  
6 was so damaging is it happened suddenly. And regardless of  
7 who -- there were so many fingers that were pointed when  
8 that occurred, whether it was, you know, the Racing  
9 Association, or whether it was the TOC, or whether it was  
10 members of the TOC that, you know, didn't agree to purse  
11 cuts, that's all water under a bridge at this point.

12 I think the challenge that we saw is we saw purse  
13 structures that were significantly higher, right, going into  
14 the winter with a massive adjustment that occurred --

15 EXECUTIVE DIRECTOR CHANEY: Right.

16 MR. OLDFIELD: -- in the spring.

17 EXECUTIVE DIRECTOR CHANEY: And to be fair --

18 MR. OLDFIELD: And that doesn't give people a lot  
19 of room to adapt. And when I mean adapt, horsemen, you  
20 know, they'll probably grow their stables based on what  
21 their purses look like, they may reduce them. The sudden  
22 change, I'll argue, was what the most significant impact  
23 was.

24 EXECUTIVE DIRECTOR CHANEY: Right.

25 COMMISSIONER CARVELLI: Mr. Chairman?

1 CHAIR FERRARO: Go ahead.

2 COMMISSIONER CARVELLI: But Josh [sic], that  
3 didn't answer the question.

4 MR. OLDFIELD: In terms of --

5 EXECUTIVE DIRECTOR CHANEY: My question is: Was  
6 there a number below what's --

7 MR. OLDFIELD: I can't tell you right now. I  
8 mean, I can't tell you because, I mean, were those purses  
9 sustainable at Golden Gate Field long-term? No. But I will  
10 tell you they were sustainable enough to get us to this  
11 point.

12 EXECUTIVE DIRECTOR CHANEY: And to be fair, they  
13 were actually generating -- the wagering was generating  
14 purses that could have been higher than \$110,000 because  
15 they were clawing back their overpayment. And so they  
16 probably could have paid \$130,000, let's say, I'm just  
17 making this up.

18 MR. OLDFIELD: Absolutely. So --

19 EXECUTIVE DIRECTOR CHANEY: But they were taking  
20 money back to them because they went out to --

21 MR. OLDFIELD: I guess, to answer your question,  
22 and I guess the point I was trying to make, is they could  
23 have taken smaller purse cuts earlier on that would have  
24 brought that overpayment down. And for whatever reason,  
25 that decision wasn't made. And so, ultimately, there was,

1 you know, you had a racing association that was closing,  
2 they wanted that overpayment gone, and so they took a  
3 massive cut.

4           And the other thing to say, too, is \$110,000 is  
5 not sustainable, but \$110,000 was a number that didn't just  
6 balance the budget for that racing meet, it wiped out years  
7 of overpayments to the point to where you had a positive  
8 number that came out in the end. That's a very different  
9 story. When we're talking about adjusting purses up or  
10 down, we're talking about percentages; right? We're not  
11 talking about taking a quarter of that money and then coming  
12 up with a way to basically wipe out an overpayment that  
13 probably occurred for three years.

14           COMMISSIONER CARVELLI: You'll forgive me, I'm  
15 supposed to keep my mouth shut at the first meeting, but I'm  
16 trying to understand. Wouldn't you like to know what your  
17 bottom line is? Wouldn't that be helpful to you?

18           MR. OLDFIELD: Absolutely. And I'm not  
19 suggesting -- I mean, my bottom line may be different than  
20 other people in this room. That's why, you know, if we were  
21 to come and say as Northern Horsemen that my bottom line is  
22 \$110,000 in purses, I don't want to tell you that because I  
23 can't, I'm not going to say that for every single person.

24           COMMISSIONER CARVELLI: Somebody's got to tell us  
25 something.

1 COMMISSIONER DAVIS: Well, Larry?

2 MR. SWARTZLANDER: Well, I mean, I'll chime in  
3 here that, you know, \$174,000, as the TOC proposed,  
4 obviously, it's a good number. I would support it if I had  
5 the anvil. I would, and the horsemen would. It's just a  
6 simple business model. Now we're back to the \$150,000  
7 range.

8 And to answer your question directly, I think once  
9 you get down to like \$145,000 a day, we need to take a hard  
10 look because the horsemen are going to say, that's it.

11 And again, I'll applaud the horsemen in the north.  
12 They took this major hit, they stayed, and they're there,  
13 and they want to race.

14 COMMISSIONER CARVELLI: Right.

15 MR. SWARTZLANDER: So we want to fix the model,  
16 get started, and I want to race with them.

17 And then secondly, I told Bill, and we talked  
18 about this, we need to look at other areas of subsidy.  
19 Whether it's Calypso, you're not familiar with, some of the  
20 Board members, fantasy sports, additional income, the  
21 historical race machines, I know we're looking at sports  
22 wagering out there. The focus needs to be there. Let's  
23 make horse racing better in California. Let's get rid of --

24 CHAIR FERRARO: Well, you're talking -- wait a  
25 minute, Larry. You're talking about something that's got

1 nothing to do with what we're talking about now. Any  
2 subsequent things that are done to supplement purses in  
3 California, we all realize, that's necessary. But what  
4 we're talking about now is survival, right now.

5 MR. SWARTZLANDER: Yes, sir.

6 CHAIR FERRARO: So to propose that that's going to  
7 bail you out, it's irrelevant right now.

8 VICE CHAIR GONZALES: If I could ask, Dr. Ferraro,  
9 a question?

10 What I'm understanding we're talking about is what  
11 would be the bottom end of purses before we hit the panic  
12 button, because that's what we're talking about.

13 And, Scott, you asked a good question, that if we  
14 go below \$110,000, is that time to assess whether it's  
15 viability -- there's viability? I think you can also apply  
16 that same question to the south. I mean, we're going to be  
17 hearing, and we've read in reports, that Del Mar and Santa  
18 Anita will be cutting their purses as well. So will we be  
19 asking those two racetracks, what is their ceiling before  
20 they start to hit the panning button?

21 What I don't want to do, and thank you, Justin,  
22 for holding firm and not putting a number out there, because  
23 there will be an incentive, a further incentive, to see the  
24 north not succeed.

25 When I go to New York and I watch racing, or I go

1 to Kentucky, I don't feel good when Saratoga and Churchill  
2 are not showing California racing. If you're an owner out  
3 there, you cannot find a TV if your life depended on it to  
4 watch a Santa Anita or a Del Mar race, that's a fact.

5 It also doesn't make me feel good when I go to Del  
6 Mar or Santa Anita that I don't see Northern California  
7 racing.

8 So there are ways to put pressure on systems so  
9 that the betting public doesn't wager. So what I don't want  
10 to do is to put a number out there because what we'll see  
11 are forces that are going to try to force that number down  
12 below \$110,000. So I think the day will come where we have  
13 to talk about what that threshold is.

14 But I always look at, and I have and I've said  
15 this as best as I could, is we're dealing with the startup  
16 enterprise. They're right on the rim of the Silicon Valley  
17 where businesses have been started out in garages to go out  
18 and do some amazing and incredible things. What I've asked  
19 for each of you to do is to embrace innovation, to take  
20 calculated risks, to think about safety, to put horses  
21 first, but also be cognizant of the economics of this.

22 So in very startup-like fashion, I think you guys  
23 are doing well, but this Board is just going to continue to  
24 ask some of these tough questions. But I just don't feel  
25 good about putting a trigger by which we start to panic and

1 pull up the stakes.

2           So that's just what I wanted to offer on that  
3 subject.

4           CHAIR FERRARO: Anyone else?

5           Just one thing aside before I'm going to ask you  
6 to sit down, because we want to hear from TOC, is your  
7 injury rate. The injury rate at the fair has,  
8 unfortunately, in my opinion, has been too high this year.  
9 There's a lot of reasons for it. But a 12-year-old horse  
10 that breaks down at Ferndale doesn't do racing any good. So  
11 if you are going to go forward as an institution of racing,  
12 you need to have the welfare of horses front and center.  
13 Because the continued rate at which you're losing horses is  
14 not acceptable to this Board.

15           CHAIR FERRARO: All right, gentlemen, thank you.  
16 If you'd take your seats, we want to hear from Bill Nader,  
17 please.

18           MR. NADER: Thank you, Chairman, Commissioners.  
19 Bill Nader from the TOC.

20           First, let me just clean up one thing that was  
21 said earlier. The reduction at Golden Gate in the first  
22 half of this year was a cumulative effect of what happened  
23 in '21, '22, and '23, where the purses were overpaid. And  
24 from our estimate, if a -- just to put it in context, if a  
25 \$30,000 maiden special weight race in each of those three

1 years had been \$29,000 instead of \$30,000, then we wouldn't  
2 have had the problem with the overpayment. Unfortunately,  
3 that wasn't the case.

4           The \$110,000 is the wrong number. The actual  
5 number for the first half of this year at Golden Gate was  
6 \$129,485, so that's the number you should be using.  
7 Obviously, it's a lot lower than the customary \$200,000 per  
8 day -- or \$204,000 per day in '21, '22, and '23, when purses  
9 were unchanged during that period.

10           But the overpayment of the \$3 million was really  
11 the net effect of three years of overpaying the purses by a  
12 relatively small percentage, but the cumulative effect  
13 carved out over a short space of time, five and a half  
14 months. That's why it resulted in the 25 percent decrease.  
15 When it did, it was \$129,485.

16           Now, if you'll indulge me, I just want to go  
17 through a bit of the chronological history of 2024,  
18 especially for Commissioner Cavelli, who's new, but I think  
19 for everybody in the room to hear this.

20           A presentation was made to the Board in January,  
21 January 18th, outlining the steep declines in California  
22 racing and breeding for each of the key metrics over the  
23 past 20 years, foal crop, number of races, number of race  
24 days, average field size, and handle.

25           The report highlighted the increasing pressure on

1 purses, the closing of racetracks, and the challenges  
2 confronting California in sustaining two full-time circuits,  
3 somewhat borderline two full-time circuits because both in  
4 the north and south, we're down to a three-day race week,  
5 with the exception of Del Mar in the summer. And two full-  
6 time circuits is something that is unique to the state of  
7 California. You don't see two full-time circuits anywhere  
8 else.

9           Now, in the interest of time and, well, in the  
10 interest of time, the entire presentation resides on the  
11 CHRB website for those who would want to know more. For  
12 now, I only reference it to help everyone understand the  
13 chronological history of the 2024 journey and how we arrived  
14 at where we are today. Now that was January.

15           March '21, the CHRB meeting, and again everything  
16 I'm saying is available on the CHRB website, CARF submitted  
17 a draft license application for the allocation of Golden  
18 State Racing race dates. And this was to fill the void  
19 created by the closing of Golden Gate Fields. Now this  
20 application, which was new to all of us, including the TOC,  
21 included a section that outlined the purse program,  
22 excluding supplements, nominations, sponsorships, and  
23 starter fees, totaling \$4.25 million over 26 days of racing.  
24 And the race schedule called for 208 races. That was back  
25 in March.

1           In response to what I thought was a very good  
2 question from the Board and a very good answer from CARF  
3 about inclement weather, CARF replied, "If you cancel a  
4 Friday, you run on Monday to get the horsemen, get the races  
5 out there." We were very satisfied with that response  
6 because inclement weather during the fall at Pleasanton will  
7 probably come into play.

8           Also, CARF committed to a budget of just over \$1  
9 million for an on-track attendance and development plan to  
10 support the introduction of Golden State Racing at  
11 Pleasanton and use the words, quote, "more dynamic race  
12 fields and bigger purses." This application and the  
13 supporting comments, again, are documented on the CHRB  
14 transcripts on the website, and that was the basis of our  
15 true starting point. Again, this took place on March 21,  
16 the day that the CHRB voted to allocate the Golden State  
17 Racing dates.

18           Now, the TOC had little time to review the draft  
19 license application, but we did share our view, to the  
20 dismay of many in attendance that day, that the continuation  
21 of two full-time circuits in California required a viable  
22 plan in the north, and the draft license application did not  
23 provide us with reasonable assurance. Specifically, the  
24 handle and purse projections were unrealistic.

25           Now, it's the handle that drives purse

1 generation, that supports the purse program, it's the  
2 wagering that does that. That's the, in California, that's  
3 the key enabler. We believe that the Golden State Racing  
4 purse structure could only be sustained at a level and  
5 warned everyone at the time that the purse levels presented  
6 in the draft license application could result in purse  
7 reductions before Thanksgiving Day. And that's all admitted  
8 in the transcripts.

9           We said this not to be negative, not to be  
10 pessimistic, but quite the opposite, to be realistic and  
11 transparent. And we went one step further in the CHRB  
12 minutes where it says that we were duty-bound to let  
13 everyone in the room understand exactly where we stood. We  
14 made a request that any decision on 2025 dates would be  
15 given more time to evaluate the results of any 2024 dates so  
16 we could understand collectively as an industry the right  
17 future for California racing.

18           We also volunteered our services to help with CARF  
19 analysis and projections. We were very clear noting the  
20 obstacles, brand recognition, change in track surface from  
21 Golden Gate synthetic turf to Pleasanton dirt, and the  
22 higher takeout structure of Golden State Racing. We were  
23 very clear in our position and further noted for  
24 completeness that the TOC analysis could, in fact, be wrong  
25 and the more optimistic CARF outlook could be correct. We

1 would not know for sure until the dates were run later this  
2 year.

3           The one thing we did not do is hide in the corner.  
4 We laid it out for everyone to hear, even though many in  
5 attendance took exception to our view.

6           Following that March CHRB meeting, we did the real  
7 work together with CARF, replacing the emotion and the  
8 tension with something tangible, clear benchmarks. That was  
9 important for several reasons. The north wanted an  
10 opportunity, which I and others thought was fair. Many in  
11 the south complained that while the south continued its  
12 annual multi-million dollar subsidy of the north, we had  
13 reached a point where this was unsustainable. The key  
14 economic indicators in California were all declining for  
15 both the north and the south, which were sinking lower and  
16 lower. This was also a fair argument as we tried to come to  
17 grips and bring both sides together for any potential  
18 continuation of two full-time circuits.

19           Now, we used the March draft license application,  
20 which CARF submitted. We worked together, TOC and CARF, to  
21 agree to benchmarks, again, to bring everyone together in  
22 support of the opportunity in the north with guardrails to  
23 protect the future of California racing. Without the  
24 benchmarks, the worry was the north and south would both  
25 continue on a downward spiral at a point when we cannot

1 afford any further decline.

2           And I think that's a key point because the North  
3 and the South are linked. We have limited resources which  
4 come from the wagering, both in-state and out-of-state, to  
5 support our purses in both the north and the south. And if  
6 both continue, if the north can't carry its way and meet the  
7 benchmarks, then it's going to create added pressure on the  
8 south.

9           So here's what the TOC did to try to help. In the  
10 lead-up to the launch of Golden State Racing next month, the  
11 TOC agreed to a CARF request. We didn't agree to the entire  
12 request, but we worked it out. We agreed to a reduction in  
13 the number of race days, races, and purse distribution in  
14 the north for this month, the month of September.

15           We did not give CARF everything it wanted. We  
16 wanted less days in September, but we came to an agreement.

17           And that considerable reduction, when we compared to  
18 September last year, is over a 50 percent reduction in  
19 purses paid here in the north, and over \$1 million less to  
20 owners and trainers that race here in the north when  
21 compared to 2023.

22           The agreement also included in the benchmarks that  
23 the race schedule could have less racing in the north. The  
24 draft license application called for 25 races. We agreed  
25 with CARF to lower that benchmark to 24.

1           The less racing in September also, I should come  
2 back to this, gave CARF and Golden State Racing the runway  
3 it desired, limited opportunities in September to tee up the  
4 all-systems-go launch on October 19th. Now, CARF noted its  
5 intention to card seven races on Fridays, nine on Saturdays,  
6 and eight on Sundays. The TOC agreed to the CARF plan.  
7 Again, this is in the benchmarks.

8           And then CARF and TOC agreed to a minimum  
9 reimbursement requirement of \$4.42 million over the 26 days  
10 after three straight years when Golden Gate paid out more  
11 than \$5 million over the same period. The \$4.42 million  
12 includes overnight stakes, TOC bonus money, and the  
13 participation bonus. It does not include Cal-Bred incentive  
14 money.

15           So we did our best, you know, noting that CARF had  
16 spoken earlier about more dynamic race fields and bigger  
17 purses and the \$1 million marketing investment to drive  
18 attendance and development, but we thought it best to keep  
19 the purses at a level that was slightly higher than the  
20 traditional CARF summer schedule but well below the Golden  
21 Gate loan. And this was to bring the north and the south  
22 together, noting the subsidies that the south provides to  
23 the north, knowing that we shouldn't force CARF to pay the  
24 same purse levels as Golden Gate, but it should be  
25 marginally higher than the CARF summer. And that was the

1 basis of the agreement and that was all memorialized in the  
2 benchmarks.

3           The TOC also agreed to increase the number of dark  
4 weeks in the north beginning in 2025 from one week to three  
5 weeks, a major concession that its predecessors, Golden Gate  
6 Fields, would have found very kind. Again, this was all  
7 memorialized and submitted in writing in Attachment I of the  
8 TOC-CARF Race Meeting Agreement to the CHRB at the May  
9 meeting.

10           Also included in the Race agreement between TOC  
11 and CARF, it states,

12           “CARF agrees and any subsequent license application for  
13 the 2024 and 2025 race dates in the north submitted by  
14 CARF or Golden State Racing will incorporate the  
15 benchmarks and any allocation and/or licensing of dates  
16 will be explicitly contingent upon CARF’s continuous  
17 adherence to the benchmarks.”

18           This language provided the assurance that was a  
19 trade-off for that opportunity with the guardrails in place  
20 with the key performance indicators, which were very clear.  
21 Again, this replaced emotion and tension with clearly  
22 defined metrics.

23           And this brings us to today. In the current  
24 license application, the TOC does not believe that the  
25 integrity of the benchmarks are upheld for a number of

1 reasons. The Golden State Racing application takes a very  
2 ambitious outlook to the number of races. Instead of 208  
3 races in the draft license application, this application  
4 calls for 226 races. Golden State Racing is now using a  
5 schedule of eight races on Fridays, nine on Saturdays, and  
6 nine on Sundays. And we believe this is an unachievable  
7 number, particularly at a racetrack where racing is  
8 conducted on dirt only. And the only reason to shoot for  
9 the moon is to help increase the purse forecast to reach the  
10 benchmark.

11 Now we see it as a false expectation that would  
12 lead to Golden State Racing falling short of the minimum  
13 purse requirement of \$4.42 million and that will make things  
14 difficult.

15 Even with the pent-up demand resulting from the  
16 vastly reduced racing opportunities in September, the  
17 proposed number of races for October through December is  
18 unrealistic. There's no other way to say it. Del Mar could  
19 not pull that off. Santa Anita could not pull that off.  
20 And it would be difficult for Pleasanton to pull that off.

21 Now, there's a disclaimer at the bottom, which is,  
22 you know, if I were them, I'd put that in in bigger font in  
23 bold type that if the horse population can't deliver enough  
24 horses to meet that race schedule, they will not run the 226  
25 races they would run something less. And when those races

1 are not run, those purses are not paid, and the benchmarks  
2 will not be met. So we need to be clear and we need to be  
3 careful.

4 The purse schedule that we have proposed, and we  
5 submitted yesterday to the CHRB and to CARF in an race meet  
6 agreement, should be built on a schedule of 24 races per  
7 week. And CARF should honor its commitment to deliver not  
8 less than \$4.42 million in purse money over the 26 days as  
9 stated in the benchmarks, as agreed with the TOC, and as  
10 submitted to the CHRB in May.

11 Pleasanton carded 95 thoroughbred races over 13  
12 days in June and July. It is a big leap to believe that  
13 Pleasanton can now support 226 races over 26 days this fall.  
14 Santa Rosa, with the benefit of a turf course, averaged 7.6  
15 races per day during its seven-day meet, and I would submit  
16 that was the highlight of the summer fair schedule.

17 We do not believe that the Golden State Racing  
18 purse structure should mirror that of the fairs for over 90  
19 percent of its races with a \$1,000 increase in allowance  
20 races and maiden special weight races. This was never the  
21 intent. It is the integrity of the process that is  
22 question.

23 Ultimately, the result will not hinge on the  
24 number of races run or the purse is paid by category or  
25 race, the benchmark is clear, a lot less than \$4.42 million

1 in purse money over the 26 days as agreed.

2 For that reason, we should provide the CHRB a race  
3 meet agreement that is consistent with that obligation, and  
4 that's what we have done.

5 Now why is that important? From the TOC  
6 perspective, the north wanted an opportunity. The south, at  
7 the lowest point in its history, posed the question: How can  
8 we continue to subsidize the North when we continue to lose  
9 ground? The benchmarks, again, brought the two sides  
10 together and provided clarity with the opportunity and the  
11 guardrails to move forward.

12 If the north can make the most of its opportunity  
13 and meet the benchmarks, as spelled out in the TOC-CARF race  
14 meet agreement submitted to CHRB in May, it has our support  
15 into 2025. This is also spelled out in Attachment I in the  
16 benchmarks.

17 If the north cannot meet the benchmarks and we  
18 continue with the status quo, the north and the south will  
19 continue to sink lower, moving closer to submission, and  
20 this is not what we want for California.

21 There must be integrity in what we say, what we  
22 agree, and the decisions that we make. The terms of the  
23 Golden State Racing license should be consistent with the  
24 steps we have made together to get here today and we should  
25 honor those commitments and move forward.

1 CHAIR FERRARO: Before we ask some questions, I'll  
2 just make a few statements that you can agree with and not  
3 agree with.

4 But it seems to me that we are at a stage in  
5 California where all of racing is in danger. We can't  
6 attract horses in the south because the purses aren't high  
7 enough and we can't make it go in the north because the  
8 purses aren't high enough to get horses.

9 The responsibility of this Board is to ensure the  
10 viability and integrity of racing in California. And what  
11 concerns us, me particularly, is that if we make the effort  
12 to save the north, would we lose the south? And that's,  
13 looking at the numbers and handle levels and all the  
14 parameters, it's pretty scary and I think we are at that  
15 point.

16 And so while we are sympathetic to the north and  
17 we'd like to see it be successful, we have to protect the  
18 south because the south is the main supplier of racing in  
19 California. I mean, if the south goes down, then there's no  
20 racing in California. Whether the north is successful or  
21 not, it would matter.

22 So you may not like what you're going to hear but  
23 I'm telling you that we are quite concerned that racing in  
24 California will not be surviving.

25 Now if you have a dispute over the benchmark, and

1 mainly it's the payout per day; right?

2 MR. NADER: Yeah, the races per week and the  
3 number of race days and, you know, just like the other  
4 chairs, their Racing Advisory Committee, and chairs of CTBA,  
5 and he's been steadfast that it should be three days a week,  
6 so I think we're locked and loaded on that.

7 Number of races per week, we say a minimum of 24  
8 races per week. I think that's the number that we should  
9 use. It's more realistic. Again, Pleasanton, Alameda  
10 County Fair in June and July, it was 95 races over 13 days,  
11 so that came to 7.3 races a day. If it was the 226 races,  
12 it comes to 8.7 races a day. It just doesn't seem  
13 realistic.

14 So I think, look, number of race days per week,  
15 three, no problem. Both sides agree. Number of races per  
16 day, we think we gave them the relief that they should be  
17 looking for. Let's call it 24 and leave it at that. If  
18 they try to stretch to 26, average field size is going to  
19 come down. At Pleasanton, it was 6.06 horses per race in  
20 the summer.

21 You know, in terms of content and their ability to  
22 really, you know, break through and get handle, not only in-  
23 state but out-of-state, the quality of the content is going  
24 to matter. So focusing a little bit more on quality,  
25 knowing that quantity is going to be very difficult to

1 achieve, leaving it at 24 I think is clearly the best move.

2           The issue really is the purses and the purse  
3 requirement, which is not very different than what they  
4 proposed back in March in their draft application. We  
5 included the TOC bonus money, the TOC participation purse,  
6 took the \$4.25 million, brought it to \$4.42 million, we  
7 agreed. And that was, you know, when we go to our Board,  
8 and that's why I talk about the integrity of the process, we  
9 agreed, we submitted it to the CHRB, to the regulator,  
10 Attachment I, it couldn't be more clear.

11           So to back off that now, now they have the  
12 opportunity to cut purses, everyone does, but as a new  
13 entity that's subsidized by the south and trying to get the  
14 south and bring the two sides together. And I can't stress  
15 how difficult that is to get the north and the south to be  
16 united in the interest of California going forward. But the  
17 north wanted its opportunity and the south said, okay.

18           And with the purses, the purses aren't at the same  
19 level as Golden Gate, not even close. But they are  
20 marginally above the fairs. And we think that was fair, and  
21 that was agreed. And I'm not sure why it's being debated  
22 now and why we're having this public discussion.

23           But, you know, at some point, our words do matter,  
24 you know, and our agreements matter, especially when it goes  
25 to Boards like the TOC and the CHRB, and we've got to stand

1 behind it.

2 Now, again, we won't know until they actually run.

3 And we won't know what the numbers are going to be. I  
4 don't know. I was very, very transparent back in March with  
5 our view. It doesn't mean I'm right. But I do think that  
6 what we did say back in March, we did it to be very open for  
7 everyone in this room to hear what we believe to be the  
8 truth, and we engaged CARF in very open discussions and  
9 tried to build a collaboration and we did and that reached  
10 the benchmarks in May. But we can't keep going back and  
11 forth and trying to change the rules of the game.

12 (A member of the audience begins speaking  
13 indiscernibly)

14 EXECUTIVE DIRECTOR CHANEY: Sir, sir, sir, sir.

15 CHAIR FERRARO: That's out of order.

16 EXECUTIVE DIRECTOR CHANEY: That's not going to  
17 work.

18 CHAIR FERRARO: You can't do that.

19 Well, I agree with you in the sense that, you  
20 know, this Board, in the interest of giving the north a  
21 chance to survive and a chance to prove themselves, took a  
22 gamble in awarding the dates for Golden State Racing. And  
23 that gamble was based on certain benchmarks we all agreed  
24 on, and now the benchmarks are suddenly under question.  
25 Here we are on top of this race meet with some serious

1 questions as to viability.

2 And just, I expect that this fall meet will  
3 probably go forward. But if it's not successful, you're not  
4 going to like it, but it will be the end of California --  
5 Northern California racing if this meet is not successful.

6 VICE CHAIR GONZALES: Mr. Chairman, I've got a  
7 question for Bill. And your presentation, thank you for  
8 that.

9 What can you tell us about the Cal-Bred program,  
10 or Cal-Bred horses in general to the Southern California  
11 population at this point? Is there anything you want to  
12 touch on, how it's either become less important, more  
13 important? And if there's a percentage that you've  
14 memorized, share that with us.

15 MR. NADER: Well, in the south, I would say  
16 probably 40 percent of the horses are Cal-Breds.

17 VICE CHAIR GONZALES: Okay, if I could just pause  
18 right there for a minute.

19 Dr. Ferraro, I asked that, we all knew the answer  
20 to that, those are by and large farms and ranches, small  
21 ones all up and around here, that appreciate the opportunity  
22 to race down there but they know they're, let's just call  
23 them junior varsity-level horses, they race up here.

24 So, Mr. Chairman, I think that all of racing is  
25 important from one end of the border to the next, from the

1 coast to the Nevada border, and it's simply so we have to  
2 make this work. I got a feeling here what's going to happen  
3 is there's a few hundred thousand dollar difference here.  
4 Is that right, Larry, Bill? We're about, what, a 400,  
5 difference here? You're saying \$4.42 million. Larry, what  
6 are you guys saying?

7 MR. SWARTZLANDER: About 3.9.

8 VICE CHAIR GONZALES: 390, so about \$450,000.

9 MR. SWARTZLANDER: 3.9.

10 VICE CHAIR GONZALES: 3.9. So --

11 MR. NADER: Larry said \$4 million when he was up  
12 here. The draft agreement said \$4.25 million. The current  
13 agreement says \$4.2 million, \$3.9 million, so let's call it  
14 a range.

15 VICE CHAIR GONZALES: What's the range, guys?  
16 What is it, 450? What's the number?

17 MR. NADER: It's probably around 400,000.

18 VICE CHAIR GONZALES: Okay, so let me tell you,  
19 all the Commissioners, all the public, you know what we're  
20 spending time here, arguing about \$400,000. And you know  
21 what's going to happen a little bit later in this agenda,  
22 we're going to be probably arguing about another dark week  
23 in December that, guess what, it's about another \$300,000

24 You know what we've done in the past, Mr.  
25 Chairman, is we've said let's just split this right in the

1 middle. And that should probably have happened behind  
2 closed doors.

3 CHAIR FERRARO: Well, who are you going to split  
4 it with?

5 VICE CHAIR GONZALES: Well, no, it's just -- you  
6 don't split it --

7 CHAIR FERRARO: (Indiscernible.)

8 VICE CHAIR GONZALES: Well, what it is, more to my  
9 point, what the split is, Larry's not going to like it  
10 because he's going to have to step up his marketing outreach  
11 and handle game by a couple hundred thousand, and then the  
12 TOC in the south, they're going to have to be a little bit  
13 flexible.

14 The point being is that there's got to be a way to  
15 compromise here because you have the ability. And what's  
16 going to happen is if there's no way that we can agree,  
17 you're going to have to get a neutral party quickly, because  
18 they've got to race, they've got employees, backstretch,  
19 front stretch, you name them, there's unionized workers,  
20 non-unionized, public, everybody, so we've got to figure  
21 this out.

22 But I'm with you, Doc, in that this has got to be  
23 proven to work like any other startup. So I appreciate both  
24 presentations, but a resolution has got to be -- hopefully  
25 that is all it is we're talking, is about the money.

1 Because if there's a deeper root here, that people are  
2 really trying to undermine Northern California racing, then  
3 it's a bigger problem, especially when 40 percent of Cal-  
4 Breds you guys are going on.

5 So if it's just the money, we're going to figure  
6 that out. I just hope that people can kind of put their  
7 problems aside and realize that we're going to have to  
8 really work on this.

9 CHAIR FERRARO: The thing is, regardless of your  
10 feelings, you've got to put that aside. This is business.  
11 The financials are important. And if you can't meet  
12 financial parameters, eventually you can keep robbing Peter  
13 to pay Paul and you can do a lot of different things trying  
14 to make it, but if the financials don't work out, the  
15 business has to close.

16 VICE CHAIR GONZALES: I agree with that.

17 CHAIR FERRARO: And that's why we're sitting in  
18 this room trying to figure out, one, how to prevent that  
19 from happening, but ensuring if part of us goes down, it  
20 doesn't take us all down. That's my concern.

21 VICE CHAIR GONZALES: Right. But, Mr. Chairman, I  
22 think we have to take a look at the overall Board's  
23 population and really what's at stake. And there has been  
24 some aches and pains since the announcement of the closure.  
25 And we're here to try to provide the leadership.

1           So, I mean, look, we're going to have to, at some  
2 point, narrow down the discussion, Commissioner input, and  
3 try to figure out a resolution. And I'm telling you what is  
4 on my mind is to CARF -- or I'm sorry, Golden State Racing  
5 is going to come up a little bit and TOC are going to come  
6 down a little bit. And then somewhere in that middle is  
7 going to have to be where this works. That's just the way.

8           I mean, if everybody's saying how are we're going  
9 to really narrow down a solution to a problem we have, it's  
10 going to be that. And guess what? We've done that before  
11 and things have always worked out. They've always worked  
12 out when we said we're going to go right down the middle on  
13 something here.

14           CHAIR FERRARO: I hope you're right.

15           Anybody else here?

16           MR. NADER: We'd like to reply, if that's okay?

17           CHAIR FERRARO: Yes. Go ahead.

18           (Applause)

19           MR. NADER: Can I first reply?

20           CHAIR FERRARO: Yeah, go ahead.

21           MR. NADER: The numbers are so all over the place  
22 that in the March, just as a reference point, in the March  
23 draft license application it stated the stakes would be  
24 \$550,000. In the application in front of you today it says  
25 \$325,000. But then the stakes' schedule, and that's

1 correct, it's \$450,000; right? So the numbers are all over  
2 the place.

3 But the point being, if we had said in the  
4 benchmarks it says \$4.42 million and the number that CARF is  
5 proposing is 400, the difference is ten percent, and our  
6 proposal in our reasoning agreement that we submitted to  
7 CARF and to the Board, and Larry mentioned it earlier today,  
8 that the difference or the increase in the purses that we  
9 suggested are in the range, and they are mostly between 4  
10 and 6 percent, I think we've already achieved what the vice  
11 chairman is looking for, because we have come down.

12 I mean, we've gone -- in multiple instances, we've  
13 tried as best we can to lend a helping hand, and I've cited  
14 many of the things that we have done in collaboration with  
15 CARF to try to get to the benchmarks and try to get to the  
16 race meet agreement. You know, we can bend but we just  
17 can't break. So I think we've exhibited that, we've  
18 demonstrated that.

19 And again, if now what we're hearing today is 4.4  
20 and 4, the difference between that is ten percent, and the  
21 race meet agreement that was submitted, and it's in the  
22 hands of caravan in the hands of the Board, most of the  
23 increases range from 4.5 to 6 percent.

24 So I think maybe, Mr. Vice Chair, what you're  
25 looking for was already in front of you.

1 VICE CHAIR GONZALES: So one other thing, just in  
2 the area of what the overall issue here is the south feels  
3 that they're subsidizing the north. You've said it and I  
4 get that.

5 I really appreciated your Board Chairman Gary  
6 Fenton going on record, and you're probably familiar with  
7 his comment, when asked, "Should out-of-state horse racing  
8 support California racing?" Are you familiar with this  
9 comment, Gary Fenton's comment? He said, yes, he would be  
10 open to that. That's a form of being subsidized.

11 So your chairman wants to be subsidized by outside  
12 states to support California racing, but you guys, TOC,  
13 doesn't want to support the north. So let's get some  
14 consistency, here's what I'm saying.

15 MR. NADER: I think in that context, Mr. Vice  
16 Chair, he's talking about states that have the benefits that  
17 we don't have.

18 VICE CHAIR GONZALES: I get that, but it's still a  
19 form of subsidy.

20 MR. NADER: Right.

21 VICE CHAIR GONZALES: And there's resistance from  
22 Kentucky, Arkansas, New York, and elsewhere to support  
23 California racing.

24 MR. NADER: They don't want to share.

25 VICE CHAIR GONZALES: They don't want to share.

1 But guess what? You guys don't want to share either here.

2 MR. NADER: Well, we, no, we --

3 VICE CHAIR GONZALES: And that's what I'm hearing  
4 here, Bill, but we've got to be consistent.

5 MR. NADER: Yeah.

6 VICE CHAIR GONZALES: This is your chairman that  
7 went on the record.

8 MR. NADER: Well, I think the difference is that  
9 we have -- you know, and look, I'm relatively new to it;  
10 right? I've been here two years.

11 VICE CHAIR GONZALES: I understand. You're doing  
12 a great job.

13 MR. NADER: But there's a long history of the  
14 south providing, you know, benefits to the north through a  
15 number of items. One would be, you know, the long-standing  
16 fight about CHRB Board support, the reciprocal trade of free  
17 simulcast signals, which many in the south don't believe  
18 that's fair, and it all goes from there.

19 So what Gary was looking for, Chairman Fenton of  
20 the TOC was looking for, would be because California, north  
21 and south, are so important to the whole ecosystem --

22 VICE CHAIR GONZALES: Right.

23 MR. NADER: -- in terms of buying horses, breeding  
24 horses, that maybe they should go into helping. If you look  
25 back to 2016 and you say, what was the purse level of

1 Churchill Downs compared to Southern California --

2 VICE CHAIR GONZALES: Right.

3 MR. NADER: -- it was equal. Today, it's --

4 VICE CHAIR GONZALES: Yeah. Yeah.

5 MR. NADER: -- you know, more than doubled. So I  
6 think that's where it's reaching out.

7 And of course, nobody, you know, nobody -- at  
8 least the south is helping the north. No one's going to  
9 help California, I agree with you, but we have been. We  
10 have a long history of doing that.

11 VICE CHAIR GONZALES: I'm with you.

12 MR. NADER: But because the floor continues to  
13 sink and, you know, and it's getting to the point now,  
14 trying to sustain and maintain, you know, the California  
15 brand, which California has been a host of the Breeders' Cup  
16 for 10 of the last 14 years, but when you look at the races  
17 before and after Breeders' Cup day, it's, you know --

18 VICE CHAIR GONZALES: Yeah.

19 MR. NADER: -- they're very low, and there's  
20 nothing that the south can do about it because of the  
21 limited income coming in. And that's where using our  
22 resources effectively is critically important.

23 VICE CHAIR GONZALES: Thank you, Bill. Appreciate  
24 your leadership. And I've said this before, we're really  
25 fortunate to have you at the helm. You bring, I believe,

1 balance, perspective, and fairness. And sometimes you're a  
2 messenger. I get that. You've got a tough group to  
3 represent, but you do it fairly, in my opinion. So thank  
4 you, Bill.

5 MR. NADER: As always, thank you.

6 CHAIR FERRARO: Commissioner Caravelli, go ahead.

7

8 COMMISSIONER CARVELLI: Thank you.

9 CHAIR FERRARO: Carvelli, rather.

10 COMMISSIONER CARVELLI: One Italian name.

11 CHAIR FERRARO: Yeah, one Italian name is like the  
12 other.

13 COMMISSIONER CARVELLI: I'm lost. Are you  
14 agreeing to the split the baby thing?

15 MR. NADER: No, what I'm -- yeah, in a sense.  
16 What we're saying is that the benchmarks in \$4.42 million,  
17 we believe, with the purse schedule that we provided, would  
18 get CARF there.

19 Now, Commissioner Carvelli, the one thing that is  
20 not an exact science is it then depends on what races are  
21 carded, what races they use. For example, there could be a  
22 \$5,000 claiming race that has a purse of \$13,000 --

23 COMMISSIONER CARVELLI: Right.

24 MR. NADER: -- as opposed to an allowance race  
25 that has a purse of \$28,000.

1 COMMISSIONER CARVELLI: Right.

2 MR. NADER: So you can't ever get down to that  
3 minute detail. But we believe, in concept, the purse  
4 schedule that we provided would be something that mirrors  
5 out to the \$4.42 million.

6 COMMISSIONER CARVELLI: So you think you can make  
7 a deal with CARF today?

8 MR. NADER: Well, we submitted the RISD agreement  
9 yesterday to both CARF and CHRB, and we stand by that, yeah.

10 COMMISSIONER ALFIERI: So that's what you're  
11 saying, it's the same one?

12 MR. NADER: Yeah.

13 COMMISSIONER ALFIERI: Yeah.

14 COMMISSIONER CARVELLI: So same one?

15 MR. NADER: Yeah, because as Vice Chairman  
16 Gonzales was saying is, you know, find the middle. I'm  
17 saying, well, if it's \$4.4 million and \$4 million, the  
18 difference is ten percent, and in our agreement, in our  
19 purse schedule that we provide, we show in one column what  
20 the CARF purse schedule was, what we proposed for Golden  
21 State Racing, and then we show the percentage increase. And  
22 the percentage increase is basically 4.4 percent to roughly  
23 6 percent. There are a few outliers where they -- some are  
24 even (indiscernible) or an allowance race.

25 COMMISSIONER CARVELLI: So Larry mentioned the

1 bottom line, 145 --

2 CHAIR FERRARO: Hey --

3 COMMISSIONER CARVELLI: -- 145. What did you say,  
4 Larry, you put your bottom line at 145?

5 MR. SWARTZLANDER: I said 145.

6 COMMISSIONER CARVELLI: Yeah. Does that -- how  
7 does that translate to the --

8 VICE CHAIR GONZALES: Hey, Larry, why don't you  
9 come up, Larry?

10 COMMISSIONER CARVELLI: -- (indiscernible).

11 VICE CHAIR GONZALES: Can you come to the table,  
12 please? Yeah.

13 MR. NADER: In the purse -- in the benchmarks, the  
14 \$4.42 million over the 26 days is \$170,000 per day.

15 COMMISSIONER CARVELLI: So --

16 MR. NADER: That was overnight to (indiscernible).

17 COMMISSIONER CARVELLI: So that translated to  
18 \$400,000 difference, (indiscernible)?

19 MR. NADER: No, because Pleasanton and the fairs  
20 running 7.3 races a day was averaging \$150,000. So \$145,000  
21 doesn't make any sense.

22 EXECUTIVE DIRECTOR CHANEY: Are we doing apples  
23 and oranges here though? Because in your license  
24 application, it's \$4.24 million.

25 MR. NADER: Yeah, so in the --

1 EXECUTIVE DIRECTOR CHANEY: And your number is --  
2 \$180,000 is the difference if you compare the license  
3 application --

4 MR. NADER: Right, so -- so \$140,000.

5 EXECUTIVE DIRECTOR CHANEY: -- with what you're  
6 saying in your benchmarks. Am I wrong?

7 MR. NADER: Yeah, \$145,000 is not the right  
8 number. I think his number is more like, right now, is  
9 probably \$160,000 or \$163,000.

10 EXECUTIVE DIRECTOR CHANEY: But in the application  
11 the Board is considering it says \$4.24 million, which is  
12 \$163,000 a day. Is that -- and you're at a \$170,000?

13 MR. NADER: We're \$4.42 million, yeah, which would  
14 average \$170,000 per day.

15 MR. SWARTZLANDER: What the Commissioner is asking  
16 me is like what's the bottom line? If you stop racing, it's  
17 \$145,000. Put that aside.

18 EXECUTIVE DIRECTOR CHANEY: I don't think that's  
19 what he was asking you.

20 MR. SWARTZLANDER: That's what you asked me, so --

21 COMMISSIONER CARVELLI: Well, I was originally.  
22 Now I'm asking you what you're addressing (indiscernible)?

23 MR. SWARTZLANDER: No, no, we're addressing these.  
24 We're in the \$154,000 to \$164,000 ranges.

25 EXECUTIVE DIRECTOR CHANEY: You see, you threw out

1 the number 3.9. If I were Larry, I would say my number is  
2 3.5, let's meet in the middle.

3 MR. NADER: That's why I say the numbers --

4 EXECUTIVE DIRECTOR CHANEY: Let's meet in the  
5 middle of --

6 MR. NADER: Yeah, the numbers, we've got to be  
7 careful with the numbers because the numbers --

8 EXECUTIVE DIRECTOR CHANEY: It's now the time.

9 MR. NADER: Yeah, even March, even in March, the  
10 draft application was \$4.25 million. Now it's still \$4.25  
11 million, so the \$3.9 million, and the \$4 million doesn't  
12 really, it doesn't support what's in writing in the  
13 applications.

14 MR. SWARTZLANDER: Here's what Bill and I are  
15 telling you right now. We're saying that his first proposal  
16 compared to the CARF's first proposal is a \$400,000  
17 difference. And that's what the Commissioner is saying,  
18 split different. That's where we're at.

19 VICE CHAIR GONZALES: Are you open to that, Larry,  
20 if we split that? I know you're not going to be happy with  
21 that because you're going to have to work harder to increase  
22 handle. And I know you're going to have to go back to your  
23 folks and say they had to come down. Guys, come on,  
24 \$400,000? Let's go right in the middle.

25 MR. NADER: I mean, okay, let's back it up. The

1 application that's before you, I think is \$4.25 million,  
2 right, \$4.25 million, not \$4 million \$4 million is  
3 something new. What's before you is \$4.25 million; right?  
4 and what I'm saying is the \$4.25 million might be inflated a  
5 little bit because they've programmed more races, the  
6 \$226,000 instead of the \$208,000, and they won't run so  
7 that's going to drop it down to \$4 million, so maybe \$4  
8 million is the -- you know, that's the --

9 EXECUTIVE DIRECTOR CHANEY: Oh, I see, so it's not  
10 apples to apples --

11 MR. NADER: No.

12 EXECUTIVE DIRECTOR CHANEY: -- it's the number of  
13 races.

14 MR. NADER: And then what race they run. So I  
15 think what we put forth is quite fair. I don't know if you  
16 agree with me, but I think it's quite fair.

17 EXECUTIVE DIRECTOR CHANEY: I mean, 9-9 -- is it  
18 9-9-7?

19 MR. SWARTZLANDER: Yeah, but you --

20 EXECUTIVE DIRECTOR CHANEY: That's fantasy; right?

21 MR. SWARTZLANDER: -- got to look at those --

22 EXECUTIVE DIRECTOR CHANEY: I mean, that's not  
23 accurate.

24 MR. SWARTZLANDER: -- you got to look at the  
25 numbers and the total history of licenses, I put in 11, 12,

1 13 races. This is a cap. Now you want to achieve that,  
2 but, you know, you don't always achieve it. What the cap  
3 is, is how much you pay in purse money, that's the issue.

4 EXECUTIVE DIRECTOR CHANEY: Yes, I get how the  
5 math works, it's just cheaper --

6 MR. SWARTZLANDER: We're saying that --

7 EXECUTIVE DIRECTOR CHANEY: -- more cheaper  
8 racing.

9 MR. SWARTZLANDER: -- the projections of Bill's  
10 purse schedule puts me at a level that it's -- I don't know  
11 if it's exactly, it's \$4.42 million in your mind, Bill; is  
12 that correct?

13 MR. NADER: Well, it depends. I mean --

14 MR. SWARTZLANDER: I know, I was going to get back  
15 to that.

16 MR. NADER: -- it depends.

17 EXECUTIVE DIRECTOR CHANEY: I need to point out  
18 for the Board now, and this is probably the right time, like  
19 we can't -- you don't have the power today to impose a purse  
20 level, that's not a thing. Rule 2044 is very clear, if the  
21 association doesn't have, or the fair in this case doesn't  
22 have an agreement with the Owner's Association, we notice a  
23 meeting, and at that time can. I mean you can try to talk  
24 them into agreeing, but they would have to agree.

25 I'm guessing, Bill, you're going to say you can't

1 because you need board approval?

2 MR. NADER: Yeah, our benchmarks were three days a  
3 week, 24 races a week, purses not less than \$4.42 million  
4 over the 26 days. So that's what our board agreed to.  
5 That's what we agreed to with CARF. That formed the basis  
6 of Attachment I of the racing agreement that went to you in  
7 May for TOC and CARF. And I don't see any way to alter  
8 that.

9 CHAIR FERRARO: Well, Larry, are you willing to  
10 come to his number today?

11 MR. SWARTZLANDER: No.

12 CHAIR FERRARO: So I don't see --

13 MR. SWARTZLANDER: Not his number, no.

14 CHAIR FERRARO: -- fellow Board members, I don't  
15 see us having any other choice but to make a special notice  
16 and hold a hearing for us to set the compromise.

17 COMMISSIONER CASTEALLANOS: Do you have a TOC  
18 agreement in order to be giving the approval to run?

19 EXECUTIVE DIRECTOR CHANEY: Yeah, I mean, I could  
20 imagine two scenarios. If there's no agreement today,  
21 there's two scenarios. It's a 2044, which is our  
22 regulation that spells out what we do if there's no  
23 agreement. That's notice of hearings. That has to be ten  
24 days hence, that's our notice period for the CHRB.

25 It doesn't specify what the hearing -- if you ask

1 me, I would prefer like the Board come up with a date that  
2 works for most, if not all folks, and the full Board hold  
3 the hearing rather than try to find some neutral party. I  
4 don't know that that exists anywhere. And at which time you  
5 can decide what the terms are.

6           The only other option, if there's no agreement  
7 between the two of you today, is, you know, to give them a  
8 date certain by which -- I mean, you can grant the license  
9 contingent upon, you know, an agreement showing up in the  
10 CHRB. I know that's not perfect either and it's something  
11 we always try to avoid. That would be the other option.  
12 And maybe you do both; right? If you don't come to an  
13 agreement by X, we're having this hearing, and so on and so  
14 forth.

15           VICE CHAIR GONZALES: Scott, I've got a question  
16 for you. So the reason that we're going to do that is  
17 because Bill's not empowered by his board to make a decision  
18 right here and now. That's what my sense is, because I  
19 don't want you to go back -- because I'm a fan of yours, I  
20 don't want you to go back to your office and get in trouble  
21 by the wizards in the back that are putting you up to doing  
22 this.

23           Larry, you're on the spot to make a decision here.  
24 What I would hope in the future is that we're dealing with,  
25 and Commissioner Castellano, I know you, as a labor

1 negotiator, nothing's more frustrating than negotiating with  
2 somebody who's not in power to make a decision then and  
3 there.

4 COMMISSIONER CASTEALLANOS: Yeah.

5 VICE CHAIR GONZALES: Well, I think that's what we  
6 have here. In the future, your board ought to be  
7 stipulating that if your back is up against the wall, or if  
8 you see an opportunity, that you ought to be able to make  
9 that split-second decision.

10 So I'm going to go back to what I see is the TOC  
11 has got probably a deeper agenda than just trying to make  
12 this work here.

13 So, Bill, you got to go back to your people tell  
14 them, they got to empower you to make this kind of call  
15 because this is not fair to this Board when we're only  
16 \$400,000 apart. Larry's willing to come up and you're  
17 saying you can't come down. That just doesn't do good for  
18 our business here, in my opinion.

19 COMMISSIONER CASTEALLANOS: Well, before you say  
20 anything, let me have a thought. The issue I see here is  
21 obvious, and the Commissioner is kind of dancing around it  
22 in a way, and I don't mean that in disrespect.

23 The bottom line we have here is that GSR has done  
24 his homework with the north, the owners and trainers up  
25 here, and they've all assured him that this is what we're

1 going to do to get this going, okay? And there's people in  
2 this room that don't want him to happen, don't want him to  
3 succeed. And to me, as a frickin' negotiator for many  
4 years, is seeing the fact here that you don't want them to  
5 succeed. And we're not going to do that.

6 (Applause)

7 COMMISSIONER CASTEALLANOS: That had to be said.  
8 Whatever words that want to be used or whatever, wizards in  
9 the background or whatever, somebody that needs to make that  
10 decision needs to be here so we can make something happen.

11 UNIDENTIFIED MALE: Yeah.

12 COMMISSIONER CASTEALLANOS: It's simple.

13 CHAIR FERRARO: This is out of order. If we're  
14 going to get anywhere, you have to hold to some decorum  
15 here, please.

16 Go ahead.

17 MR. NADER: I don't think I was clear when I spoke  
18 earlier, because the TOC Board did agree, in exchange for  
19 the opportunity in the north, all of the things that I've  
20 said earlier, the additional dark weeks in 2025, instead of  
21 one, which the Golden Gate Tournament states would have  
22 loved if we would have given them three instead of one. We  
23 never did. We did it for Golden State Racing. We reduced  
24 the number of races per week, the minimum from 25 to 24. On  
25 and on, the different things that we did to try to come

1 together.

2 In the purses that we -- the purse schedule that  
3 we agreed to, the TOC Board, and I think you're being unfair  
4 to the TOC Board here, I really do, they agreed that the  
5 purses did not have to be at the same level as Golden Gate,  
6 not even close, but they had to be marginally higher than  
7 the fairs. And the increases that we propose in the race  
8 meet agreement, as indicated in the purse schedule, which  
9 you have, is very, very marginal modest increases that  
10 mirror the integrity of the benchmarks that were agreed  
11 between TOC and CARF in May and submitted in writing in the  
12 TOC-CARF race to meet application to the CHRB in May.

13 So I think from the TOC Board perspective they  
14 believe we have an agreement that has real context and now  
15 we're trying to change the rules of the game at the eleventh  
16 hour.

17 Lastly, I would say this, that when you look at  
18 the purses paid in the north, and I wasn't going to mention  
19 this, but it's worth everybody knowing this, the purses paid  
20 in the North in 2021, 2022, and 2023, all up. Were very  
21 close to \$30 million, somewhere between \$29 million and \$30  
22 million. Now you can say Golden Gate overpaid a million a  
23 year during each of those three years, because it was a \$3  
24 million overpayment that carried into 2024. So take it down  
25 to \$29 million.

1           When we look forward into '25, '26, '27 and what  
2 we're looking at, we're seeing \$21 million. So when people  
3 in this room complained about a \$3 million overpayment and  
4 what a burden that was to have to reduce purses, that was \$3  
5 million overpayment over a period of three and a half years.  
6 If you look at '25, '26, and '27 on the path that we're on,  
7 the reduction is not going to be \$3 million, it's going to  
8 be over \$20 million, somewhere between \$20 million and \$25  
9 million.

10           So for the TOC Board, I think they've done what  
11 they've needed to do, and they've empowered me. But what  
12 they didn't expect was at the last minute that the integrity  
13 of the benchmarks were going to be challenged. And for  
14 that, they say a contract is a contract. We've done  
15 everything we've needed to do to try to help the north in  
16 its launch of Golden State Racing and we have to honor that  
17 commitment.

18           So, no, I don't agree that we need to go back.  
19 And I do think that the proposal that we've submitted, which  
20 shows basically a blended average of an increase of five  
21 percent, again, is more than fair. So I don't think going  
22 back to the TOC Board is going to create a different result  
23 because, I'm speaking for myself, I believe the board has  
24 done everything it's needed to do to try to help.

25           VICE CHAIR GONZALES: If I could just say one

1 thing, and Commissioner Hudnut brought this up, is there's  
2 not unanimity within the TOC Board. You have not only three  
3 Northern California Board members that left in protest, the  
4 three Northern California Board members that replaced them,  
5 of which TOC leadership helped recruit them, have come out  
6 in favor of the current GSR proposal; is that correct  
7 though?

8 MR. NADER: In the -- we had a Friday board  
9 meeting that -- we had a Friday board meeting. We had a  
10 Friday board meeting where we asked for direction from  
11 the -- Board, it wasn't an official vote, and two of them  
12 did. And then we had a separate meeting on Tuesday with  
13 just the north and at that point they did. But they  
14 recognized that -- they recognized that you were the full  
15 Board, and they do appreciate, you know, based on everything  
16 I just said.

17 VICE CHAIR GONZALES: But for all practical  
18 purposes, your three Northern California TOC reps are in  
19 favor of the GSR application as presented. But I appreciate  
20 the extra context.

21 So can we go to public comment? Because I'm ready  
22 to make a motion.

23 CHAIR FERRARO: Wait, wait. (Indiscernible.)

24 VICE CHAIR GONZALES: Oh, you are? Go ahead.  
25 Well, run the meeting, sir.

1 CHAIR FERRARO: Any further questions from the  
2 Board?

3 COMMISSIONER CARVELLI: Will we get a chance to  
4 ask further questions after the motion?

5 CHAIR FERRARO: Yes. Yes.

6 COMMISSIONER CARVELLI: Okay.

7 CHAIR FERRARO: Yes.

8 COMMISSIONER CARVELLI: I would like to comment.

9 CHAIR FERRARO: Do we -- I'm sure we have public  
10 comment, yeah.

11 MR. HOBAN: Chairman, I just want to make one  
12 comment before we have public comment. It could be  
13 construed that this is the hearing of -- is it Rule --

14 EXECUTIVE DIRECTOR CHANEY: I could not. I mean,  
15 yes, but that would be poor legal construction. I mean, it  
16 clearly says, you know, shall notice a hearing. I mean I  
17 can --

18 MR. HOBAN: Yeah, this is --

19 EXECUTIVE DIRECTOR CHANEY: I'm looking over at my  
20 attorneys now. I don't --

21 MR. HOBAN: Yes, this has been noticed, but -- so  
22 just keep that in mind.

23 EXECUTIVE DIRECTOR CHANEY: Yeah, but we -- no,  
24 you have to notice the hearing for this purpose. All we've  
25 noticed is a license application. I know this isn't ideal

1 but I got to keep my Board members above the law.

2 CHAIR FERRARO: Okay, gentlemen, have a seat.

3 COMMISSIONER CASTEALLANOS: Mr. Chairman, restroom  
4 break, if you don't mind, sir?

5 CHAIR FERRARO: You want a, yeah, quick break?  
6 Okay. Okay.

7 (Off the record at 11:37 a.m.)

8 (On the record at 11:51 a.m.)

9 CHAIR FERRARO: All right, normally, the public  
10 comment period, we have a sign-up sheet which I have here  
11 with people's names on it. But I have a feeling there is  
12 probably more people who want to speak than what's on this  
13 list.

14 Can we quiet down, please?

15 EXECUTIVE DIRECTOR CHANEY: Hey, folks, we're  
16 getting started again.

17 CHAIR FERRARO: So what we'll do is what we did  
18 once before. I want, anybody that wants to speak, I want to  
19 give them the opportunity to speak. So we'll have you line  
20 up. Everybody that wants to talk will talk. I will say  
21 two things in preference to that.

22 If the person in front of you makes the same  
23 argument you're about to make, please sit down or we'll be  
24 here all day. So try and consolidate your remarks.

25 Secondly, without an agreement between the TOC and

1 CARF -- or the race meet agreement, the Board cannot make a  
2 ruling, period. We can't approve it. So if you're going to  
3 stand up in line and tell us what we should approve, CARF's  
4 application, you're just wasting your breath because we  
5 can't do it unless there's an agreement.

6 VICE CHAIR GONZALES: Can I just ask, Mr.  
7 Chairman?

8 Scott, can you confirm that, Scott?

9 EXECUTIVE DIRECTOR CHANEY: This isn't going to  
10 help, just talking amongst yourselves. It's not going to  
11 work.

12 Yeah, I mean, I just want to be, and maybe this is  
13 the time to do it, so you need -- 2044 is clear, you need an  
14 agreement with the rep -- the organization representing the  
15 horsemen, TOC, in order to get a license. So they can't --=  
16 I mean, literally, if there's no agreement there's no purse  
17 structure for the meet or any of the other things that are  
18 in the agreement, so it's not possible to say here's your  
19 license anyway. Like that is not a legal possibility.  
20 Unless they come to an agreement right now, kind of behind  
21 closed doors, or you guys force them into it and they say we  
22 do have an agreement and this is it, then you can do what  
23 you want.

24 COMMISSIONER ALFIERI: To be contingent upon?

25 EXECUTIVE DIRECTOR CHANEY: Correct.

1           VICE CHAIR GONZALES: So what would be the next  
2 step? So we're -- I just, I'm trying to get, if there's an  
3 impasse, what would be the next step? So then why don't you  
4 walk us through what that looks like.

5           EXECUTIVE DIRECTOR CHANEY: Of course. The two  
6 options I see are to grant like a conditional license,  
7 right, say here, we, I mean, we intend to give you a license  
8 but you need the TOC agreement, have it in to staff by  
9 October 1st. And if they don't have it in, again, they  
10 still don't have a license and there's no racing.

11           The other option is this hearing contemplated by  
12 2044, meaning the Board then notices a hearing to determine  
13 the terms of the TOC agreement. In this case, it would be  
14 purse level. I mean, I don't think there's too much more of  
15 a disagreement. And it doesn't define what hearing is. I  
16 mean, the implication is that, you know, everyone gets to  
17 have a say or maybe even submit briefs. I think last time  
18 the Board appointed you with respect to the CTT agreement.  
19 Yeah, so that would be the option.

20           And then, literally, one would be the terms would  
21 be decided by whoever the Board thinks is appropriate to  
22 make that decision.

23           VICE CHAIR GONZALES: And then would that have to  
24 come back to the Board? So what I'm hearing is --

25           CHAIR FERRARO: No, the Board would -- that would

1 be a Board meeting.

2 VICE CHAIR GONZALES: So then there would have to  
3 be another Board meeting. So I'm hearing in this --

4 CHAIR FERRARO: No, no, no, no. what we're  
5 contemplating is if we don't get it -- are unable to  
6 activate, we would call -- we would have the whole Board,  
7 the whole Board, meet as part of their monthly meeting to  
8 decide this issue.

9 VICE CHAIR GONZALES: And this would have to be  
10 done quickly because --

11 EXECUTIVE DIRECTOR CHANEY: Yeah, the --

12 VICE CHAIR GONZALES: -- October 19th is around  
13 the corner. And so there's a lot, a lot that goes into  
14 racing, as we all know, so how can -- what would your  
15 recommendation be, Scott, if we go that route?

16 EXECUTIVE DIRECTOR CHANEY: Yeah, I would -- so,  
17 obviously, our Board meeting is currently scheduled the day  
18 before their meets supposed to open, so that's not going  
19 to -- it's not going to -- they can't take entries for a  
20 meet for which they don't have a license, like that's just  
21 not going to work; right?

22 So, I mean, one or two things could happen,  
23 depending on who the Board appoints. Like my preference,  
24 given that it's so an important a decision, you would all  
25 meet, or whoever can decide on the date, let's say two or

1 three weeks from now, a week before the Board meeting, have  
2 the hearing and the October Board meeting on the same day  
3 would probably make the most sense to me, rather than have  
4 like two more meetings.

5 I will say for the Board's edification, like the  
6 October agenda is quite light, so t's not like we have a ton  
7 of items come October 19th currently.

8 VICE CHAIR GONZALES: Okay.

9 CHAIR FERRARO: Understood. Everybody understand?

10 EXECUTIVE DIRECTOR CHANEY: So for the audience  
11 just, I mean, the Board wants to hear, you're entitled to  
12 two minutes, that's how it works. The importance of  
13 Northern California Racing and a license is fine. We just  
14 want to lower expectations in terms of saying, grant a  
15 license today because I don't -- it doesn't sound like  
16 that's legally possible.

17 CHAIR FERRARO: Great. Okay, we're going to have  
18 our line start? Help me out here.

19 COMMISSIONER ALFIERI: Conga line.

20 MR. FUSSELL: I think I had my name on there.

21 CHAIR FERRARO: Yeah, go ahead.

22 MR. FUSSELL: Morgan Fussell, Hoof Pick Racing  
23 Partners. All the Commissioners, Chairman, thank you. I've  
24 spoken to you folks in the past.

25 It was all because of this Commission why we're

1 here today, granting the ability to race with Golden Gate  
2 vacating, so you're all to be commended to give the north  
3 the opportunity. It will be done. It will get done.  
4 Pleasanton is a great facility. Everybody's happy.  
5 Everybody's moved in. I'm sure a deal will get done.

6 Fair racing simply, you realized this a year ago,  
7 fair racing simply will not survive without a horse  
8 population up north. It won't happen. We've already seen  
9 declines. Breeding will suffer completely if we don't keep  
10 racing viable in the north. There's outside influences that  
11 are hurting us in California. Maybe that will change.

12 I mean, Golden Gate shouldn't have never closed.  
13 If they would have had the right political, you know, the  
14 right influx of income, it would have never closed. It  
15 still could be a destination show place. But Pleasanton has  
16 figured out. The north has figured out.

17 I raced at the fairs all summer. The crowds, I  
18 mean, handle, I mean, it's very, very good. But we need to  
19 keep racing viable for everybody in this entire state.  
20 Let's hope everybody gets in the same tent and we get it all  
21 done, but thank you all very much. I appreciate it.

22 CHAIR FERRARO: Thank you.

23 Next, please.

24 MR. WRIGHT: Hi Commissioners. My name is Blaine  
25 Wright. I'm an owner and trainer in Northern California.

1 UNIDENTIFIED MALE: We can't hear you.

2 MR. WRIGHT: I'm Blaine Wright.

3 I'd like to ask, if we're being held to benchmarks  
4 for GSR, are Santa Anita and Del Mar being held to those  
5 same benchmarks? Because they're loaning their purses. And  
6 we don't know if they're being held to this same standard or  
7 if they're not. That would be my biggest question: Why is  
8 there more leniency for us? I know that they set a  
9 benchmark, but benchmarks are going to change. They're  
10 going to change for the other two tracks as well. You're  
11 going to hear that today.

12 On a side note, we've got roughly 500 people on  
13 that backside that are counting on racing. And I know you  
14 all have done your due diligence and we really appreciate  
15 that. We've supported this new economy in Pleasanton.  
16 We've moved families over. We're in the school systems.  
17 We're talking about hay guys, feed guys, everybody. If we  
18 don't race here, we've got nowhere to go.

19 I don't know if you're all aware of this, Turf  
20 Paradise is probably the best place that any one of us can  
21 go in Northern California, probably going to reduce my  
22 staple by 75 percent if I have to go to Southern Cal. But  
23 Turf Paradise's stall applications, they're closed. We  
24 can't get in there, guys. They've allocated their stalls.

25 So I'm asking you, where do we go from here if we

1 don't get this together? I believe we don't have two or  
2 three weeks for you guys to wait. We need to have this deal  
3 done by next week. That way, we can get our stuff in order  
4 to get this meet started, and basically I'm asking for your  
5 up here and I appreciate everything you've done.

6 COMMISSIONER HUDNUT: Thank you.

7 CHAIR FERRARO: Thank you.

8 VICE CHAIR GONZALES: Thank you sir.

9 COMMISSIONER HUDNUT: Thank you.

10 MR. SCHMITT: Good morning, or it may be afternoon  
11 now. I'm George Schmitt. I own about 75 racehorses. I've  
12 raced mostly in Northern California.

13 Since the TOC was formed almost 30 years ago, the  
14 Northern California Racing Committee has handled, as part of  
15 the TOC, has handled all the negotiations with tracks and  
16 purses in Northern California, until about 18 months ago  
17 when Golden Gate decided they're going to close. And we can  
18 have an argument about the bylaws of the TOC, but as I read  
19 them, the Northern California Race Committee sets the purse  
20 structure and has agreements with the owners.

21 I have yet to find a single owner or trainer in  
22 Northern California that does not agree with the purse  
23 structure that we have presented to the TOC. I don't know  
24 where they get off telling us that we should project to be  
25 like Santa Anita and Del Mar, be upside down on our purse

1 structure. That we would overpay purses by three quarters  
2 of a million dollars is ridiculous. There's not a single  
3 businessman who would make that kind of a projection. And  
4 for you as a Board, I think you're obligated to make sure we  
5 don't go upside down like that either.

6 Now, none of us know for sure what's going to  
7 happen. We had a great meet in Ferndale, better than any of  
8 us ever dreamt. Maybe the meet in Pleasanton is going to be  
9 even better than what we think. But we cannot sit here and  
10 project those kind of losses and those kind of purse  
11 overpayments, because that just will result in lower purses  
12 later.

13 You're not hear with Southern California that they  
14 were going to raise their purses \$153,000 if you shut down  
15 the north. You don't hear from anybody in the south saying,  
16 we can make it if there's 700 fewer foals born, and it's  
17 okay if about 8,000 people lose their livelihoods. That's  
18 what will happen with what's going on.

19 I was here before, and I spoke with you. I  
20 earlier gave each of you a copy of a brochure.

21 UNIDENTIFIED FEMALE: That's time. That's two  
22 minutes.

23 UNIDENTIFIED MALE: He can have my two minutes.

24 MR. SCHMITT: We're ready to start fundraising to  
25 build a turf course down there and continue improvements.

1 We've done everything we said we were going to do. We can  
2 house over 1,000 horses there now. We've made upgrades  
3 everywhere we can. We've bought equipment. We've invested  
4 money so that we can deliver what we said we would do.

5 That the TOC, the Southern California people, can  
6 think they can dictate up here and shut us down is just  
7 beyond belief. And in the long run, all they're going to do  
8 is kill racing everywhere. Because I will, I'll tell you, I  
9 know it's only 75 horses, but that fills 12 races every god-  
10 darn month somewhere in this state. And I will not -- I'm  
11 not shipping then south. I live in the north.

12 So thank you very much for the time.

13 I think, Mr. Chaney, that you do have the ability  
14 to call a special meeting and solve this thing. It's going  
15 to end up with the Board because I cannot sit around and say  
16 it's okay to overpay purses, project overpaying purses  
17 three-quarters of a million dollars.

18 Thank you.

19 (Applause)

20 MR. BALCH: My name is Alan Balch. I represent  
21 California Thoroughbred Trainers, which is a statewide  
22 organization. We had a Board of Directors meeting  
23 yesterday. We have -- a little less than half our Board are  
24 northern trainers and the rest are southern trainers. And I  
25 want to say to you that we unanimously endorsed the license

1 application for Golden State Racing.

2 Dr. Ferraro, with all due respect, you did make  
3 the point of what the purpose of the CHRB is, and I agree  
4 with you so far as you said it, but it goes beyond what you  
5 said because the actual language is to expand racing and  
6 breeding opportunities in the state of California, which is  
7 what we're here talking about.

8 (Clears throat.) Excuse me.

9 I think the whole issue of viability, you've heard  
10 that word several times today, comes down to breeding.  
11 Without breeding, there will not be viable racing anywhere  
12 in this state, anywhere in the state. It's a matter of  
13 sooner or later.

14 The Golden State Racing approach is to try to save  
15 and stimulate further breeding in California because most of  
16 the breeding has migrated to Northern California. This is  
17 one state, you've heard me say it before, we need to all be  
18 together. We need to be supporting each other. This  
19 antipathy or animosity or adversarial relationship between  
20 the north and the south has to stop. Has to stop.

21 Commissioner Castellanos made that point stronger  
22 than I ever could or would but he is absolutely correct.  
23 Everybody has an agenda. The agenda of this Racing Board  
24 and the agenda of my organization is one state. This state  
25 has to survive together because without breeding there will

1 not be racing ultimately in Southern California either.

2 Thank you.

3 MR. BALCH: Chairman Ferraro and fellow  
4 Commissioners, I am Gloria Haley, Vice President of Northern  
5 California CTT and Board member of California Thoroughbred  
6 Breeders Association.

7 Northern California participants should be  
8 afforded the opportunity to make sound business decisions.  
9 We can function in our sport, vying for the purse structure  
10 we have agreed is sufficient. Who has the right to tell us  
11 what we can or cannot accept as our compensation?

12 GSR has satisfied the requirements set forth by  
13 this Board at great expense. They have the facilities to  
14 house our workers and their families, unlike any other  
15 racing venue in this state. They have built enough stalls  
16 to house a population of equine athletes almost twice as  
17 large as Golden Gate racing population before their untimely  
18 closure.

19 GSR management is working towards the betterment  
20 and future of the sport of racing, signaling a paradigm  
21 shift to a publicly held racing facility controlled by our  
22 citizens instead of a for-profit model owned by a  
23 corporation not based in the U.S., much less California.  
24 The Northern California Committee has agreed to this  
25 modified purse structure wherein GSR compromised in many

1 aspects, first and foremost by increasing the purses for  
2 state races to a minimum of \$75,000 each, thereby ensuring  
3 black type to be assigned to winners as well as state's  
4 placed horses, thereby increasing the value of our athletes  
5 in the breeding sheds as well as racing.

6 We, owners, trainers, breeders, jockeys, and  
7 backstretch workers have agreed to accept this proposal.  
8 Give us our chance.

9 Thank you.

10 CHAIR FERRARO: Thank you.

11 Next, please.

12 (Applause)

13 MS. BARCLAY: Good afternoon, Chairman Ferraro and  
14 Board members, thank you for the opportunity to speak.

15 I've been involved personally with owning,  
16 breeding --

17 UNIDENTIFIED FEMALE: Who are you?

18 MS. BARCLAY: -- all the different horse jobs on  
19 the backside -- Roz Barclay, Rozamund Barclay -- for 50  
20 years. I can't tell you how exhausting it is in 50 years to  
21 watch leaders of our industry and participants make the same  
22 mistakes over and over and over.

23 I've raced in four different states. Every time I  
24 hear closing one racetrack is going to benefit another,  
25 historically, that has not happened. The remaining tracks

1 are lucky if they even get a six month bump in their field  
2 size. It does not work. State after state, when these  
3 major racetracks close, if there isn't an opportunity for  
4 those horsemen to run in an immediate area, the racing  
5 industry folds. Breeding. The jobs are lost.

6 I personally employ two trainers. I stand a horse  
7 in Rancho San Miguel. I have mares. There are over 25  
8 people employed associated with my breeding program. All of  
9 this is lost if we don't have an opportunity.

10 It was brought up earlier, the cost of shipping.  
11 People on the East Coast don't want to ship. They don't  
12 want to put their horses at risk, interrupt their programs.  
13 California is a huge state. It's a big deal to ship horses  
14 the hundreds of miles to Southern California. We're not  
15 shipping across town. It's hard. It's hard to provide our  
16 help, to go down there. It's expensive to be fair to the  
17 employees, the overtime they put in. It's stressful on our  
18 horses.

19 I'd also like to say, I want to applaud Golden  
20 State Racing for trying to be honest and have a true  
21 business-like fiscal responsibility and not overestimate  
22 what they can do. And I would ask that you look at the  
23 history of Southern California who has obviously had  
24 problems with all the overpayment in purses.

25 And I would also point out to you that Southern

1 California for many, many years historically has the largest  
2 purses in the entire West Coast. And if purses made a  
3 racing operation successful, why are they having problems in  
4 the first place? They've always had bigger purses.

5 Thank you.

6 CHAIR FERRARO: Thank you.

7 (Applause)

8 MR. HAYNES: My name is Mark Haynes. I'm an  
9 owner.

10 I want to bring up a novel concept. We have,  
11 supposedly, the TOC, Thoroughbred Owners of California,  
12 they're not acting that way. They're acting as the  
13 Thoroughbred Owners of Southern California.

14 (Applause)

15 MR. HAYNES: The man who is, and I'll -- this is  
16 not a personal attack, but the guy who's speaking for his  
17 wizards or whatever, I call them cronies, he's not  
18 supporting us. He has not mentioned one thing for us. And  
19 I personally believe if he can't support the entire state of  
20 California, we need to find somebody who can.

21 The other thing is, I think he needs a geography  
22 lesson. No other state is nearly the size we are. That's  
23 why we can run two tracks. We've done it for years and  
24 years and years and years, okay? We can do it again. If we  
25 all work together, we can make this work.

1           You can see how poorly Golden Gate Fields and The  
2 Stronach Group ran Golden Gate Fields and ran it into the  
3 dirt.

4           I have a novel concept. What if we all gathered  
5 together and worked together and Southern California  
6 supported Northern California and helped advertise and help  
7 build it.

8           Commissioner Gonzalez, you made a great point  
9 about not being able to see our races in other states.  
10 Here's another concept. Why doesn't -- that should be the  
11 job of the TOC, to help build California racing. If we  
12 get -- we show races here in California to the entire  
13 country. They should do it too.

14           So there's so many lives on the line, and I think  
15 you guys are going to make the right decision. Thank you  
16 very much.

17           CHAIR FERRARO: Thank you.

18           MR. TABONOA: Good morning, my name is Johnny  
19 Tabonoa. I'm currently an owner. I used to be part of the  
20 Board of Directors of the TLC who resigned a year ago, for  
21 probably the same reasons that the current Board is having  
22 right now, which seems to be like we have the northern reps  
23 looking for the north and looking for the entire California  
24 and we have the reps on the south really overriding people  
25 on the north. You see that unanimous, the decision that the

1 committee from the north was to support the new meet at GSR  
2 with the current HRSA structure. Here we can't gain the  
3 southern California overruling the committee on the north.

4 So in reality, is the TOC working as a whole in  
5 here looking after all of us in California, or is it looking  
6 just for the south? Can we ask why are they really forcing  
7 us to have these higher purses? Why? Why can't they come  
8 and say, what can we do for you? What can we help you to  
9 succeed?

10 Well, because we know deeply inside us, each of us  
11 here knows that they only have a reason why they want us to  
12 keep up those purse and move them up, because he wanted  
13 Northern California to what?

14 UNIDENTIFIED MALE: To fail.

15 MR. TABONOA: To fail. Very simple. There is no  
16 other reason than that.

17 Well, I tell you that Northern California, just  
18 like many people said before, they're more unified than  
19 ever. I personally have the most starts of any owner in  
20 California for the last two years. Yes, I have, myself, a  
21 Latino guy, proud to be Latino, and I did have the most  
22 starts in California. I currently own about 70 horses in  
23 California. And I tell you, I wish we were unified  
24 together.

25 We got -- how many times do we hear in the

1 speakers earlier is speaking about the south and the north?  
2 I counted like 50 times, north and the south. Why is it not  
3 the TOC as a unity? Why don't we talk about the one thing  
4 as a whole? Why is it always the south and the north? They  
5 make it that way. They make it that way.

6           And now they're giving you, they're putting their  
7 (indiscernible). They're not going to budge. Believe me,  
8 they're not going to, even -- they won't even reduce from  
9 \$100,000 to \$200,000, because their agenda is to shut down  
10 the north. Very simple as that.

11           So I wish today we can make a decision, because  
12 there's a lot of people here. They go back home, and they  
13 go back to their families, and let me tell you, if we don't  
14 have days awarded to us, there's more than uncertainty, and  
15 there is a possibility a lot of people are thinking about  
16 leaving. Leaving. And the well-being of the horses that re  
17 on the backside, they're going to end up God knows where.

18           So it is on your power, I'm hoping, to make a  
19 decision right and to go with the GSR plan because that's  
20 what the Northern Committee agreed and what every single  
21 person in the backside agreed to, as well as the owners.  
22 The only people that didn't agree, guess who are they? The  
23 people from the south dictating what the people from the  
24 north do.

25           Thank you very much for your time.

1 (Applause)

2 MR. THOMAS: Hi. Thank you guys for being here.  
3 My name is Jamey Thomas. And there are some people out  
4 there who think that the consolidation of one track would  
5 help racing in California. You know, there was people from  
6 Northern California went down to run at Del Mar. They took  
7 a bunch of horses. The cumulative of them all, they won  
8 four races together.

9 So our horses in Northern California, for the most  
10 part, are not going to be able to compete with Southern  
11 California horses. So more or less, you guys are going to  
12 lose 90 percent of these Northern California horses.  
13 They're going to go elsewhere. The consolidation thing,  
14 that's not going to work. It's not going to help them. The  
15 only thing that's going to help them is getting Northern  
16 California gone, getting the saddle cast, getting the money.  
17 And then what, in a year, two years, the way that they model  
18 their thing, it's over anyways.

19 So, you know, Pleasanton, GSR, spent a lot of  
20 money. They put in a lot of time. They put in a lot of  
21 hours to make the meet work. And, you know, all we're  
22 asking is, you know, you grant us the dates, and hopefully  
23 that we can get something done with the TOC in the south  
24 because, obviously, the TOC in the north is okay with it.

25 So I'm just, you know, hoping that you guys can

1 get us the days that we need and we can move on from here  
2 and sleep better at night.

3 Thank you.

4 (Applause)

5 MR. OLDFIELD: Just, I have a quick question. I'm  
6 going to be respectful and not talk, because I already  
7 spoke.

8 EXECUTIVE DIRECTOR CHANEY: State your name.

9 MR. OLDFIELD: Justin Oldfield. Excuse me. Just  
10 a quick clarifying question for Scott and for the Board.

11 There was a discussion about this hearing and the  
12 Board potentially calling a hearing to discuss the purse  
13 schedule. Is that hearing to discuss and deliberate on the  
14 purse schedule or is that hearing to discuss and deliberate  
15 on the license in addition to the purse schedule?

16 EXECUTIVE DIRECTOR CHANEY: Yeah, I mean, the  
17 short answer is unclear. Let me read the language so  
18 everyone is on the same page.

19 "In the event the association," or fair in this case,  
20 "is unable to obtain and file such agreement," with the  
21 TOC with its application, "the Board may, upon notice  
22 to those perspective parties to the agreement, conduct  
23 a hearing with regards to the conditions for the  
24 meeting and take action as deemed appropriate to ensure  
25 or continuity of the race program."

1           So, I mean, how I would envision it, it doesn't  
2 define what the hearing looks like, I would actually have  
3 the Board meeting and the hearing on the same day. That  
4 way, both things could be decided.

5           It sounds like the Board wants to grant the  
6 license but it can't without --

7           MR. OLDFIELD: So just, that's the point --

8           EXECUTIVE DIRECTOR CHANEY: -- a condition of  
9 precedent.

10          MR. OLDFIELD: -- that's the point I want to make  
11 clear. The premise would be that the hearing would be to  
12 determine what the purse schedule is --

13          CHAIR FERRARO: Yeah.

14          MR. OLDFIELD: -- rather than debate the license?

15          CHAIR FERRARO: Basically, that's what it's going  
16 to be.

17          EXECUTIVE DIRECTOR CHANEY: Correct.

18          MR. OLDFIELD: Thank you very much.

19          (Applause)

20          MR. MARCIC: My name is Dean Marcic. And the only  
21 seat I sit on is the one my wife lets me sit on every night  
22 to eat. But I'm a breeder. I'm an owner. I've been around  
23 for about ten years, and everybody in here also breeds and  
24 owns horses.

25          Has anybody here been down to Pleasanton to see

1 what's developed down there?

2 VICE CHAIR GONZALES: I have, yeah.

3 MR. TIFFANY: You have, sir, Oscar, Mr. Gonzalez.

4 Anybody else been down there? Before you make a  
5 decision and completely ruin what has already transpired,  
6 like Blaine, my trainer, has said, over two and a half  
7 million dollars has been put in down there. And you need to  
8 go down there and see what has developed and how energetic  
9 these people are down there to get racing to continue up in  
10 Northern California. I mean, it's going to behoove you to  
11 do so before you make a decision, because sitting here to  
12 say, no, we don't want any racing our TOC is not  
13 representing Northern California, all they're worried about  
14 is Southern California, they can come up here and put  
15 lipstick on a pig all they want, it's just not working. We  
16 have no representation up here and we need it.

17 So before you make a decision you got to get in  
18 the car, hell, I'll rent the car, I'll rent a van and we'll  
19 all go down to Pleasanton and see what's been put in down  
20 there. It's amazing what has been done down there. And you  
21 just can't shut it down sitting behind a desk. Nothing  
22 personal. I understand, everybody's got their own business  
23 and what have you, but there's been a lot put into it. And  
24 before you shut it down, you got to kind of look at it and  
25 do your due diligence to see what exactly is going to happen

1 when you say no more racing.

2 CHAIR FERRARO: I don't, just to clarify, I don't  
3 think anybody on this Board is talking about no more racing.  
4 What we're trying to say to you is that we have to figure  
5 out how to make this decision on purses.

6 MR. MARCIC: Well --

7 CHAIR FERRARO: You can operate under some  
8 agreement, an agreement which you don't have now. Do if  
9 there's no agreement today and we call a hearing, then the  
10 Board is going to hear both sides of the story again,  
11 probably, maybe some new information, and the Board will  
12 decide, well, we'll grant the application based on this  
13 purse structure; right?

14 I don't think anybody, and I could be wrong, on  
15 this Board said we're not going to let you run your meet.  
16 That's not going to happen.

17 MR. MARCIC: What I believe I heard, and it's kind  
18 of hard to hear without a microphone, and that is, if we  
19 don't have an agreement within a week or so the fall meet is  
20 not going to happen.

21 CHAIR FERRARO: No, I don't --

22 MR. MARCIC: And if you have the TOC standing here  
23 that cannot negotiate with CARF, who's ready to roll, I  
24 mean, then somebody from TOC needs to step up to the plate.  
25 I mean, I'd be willing to start with the TOC. I have no

1 problem with that. But, you know, you got to have --  
2 negotiations have to be, you know, so you got to give and  
3 take. You just can't go take, take, take and not get.

4 CHAIR FERRARO: Well, I'm not disagreeing with  
5 you, but that give and take session has to be in another  
6 hearing because, according to the law, we can't do it today.

7 MR. MARCIC: Well, I understand that.

8 CHAIR FERRARO: If we could do it today, we'd do  
9 it today.

10 MR. MARCIC: I understand that. But the TOC came  
11 here knowing what they're going to have. TOC's worried  
12 about Southern California. They know they're going to come  
13 up here and represent everything. Mr. Gonzales stated that,  
14 why don't we get it done now? And we could have been able  
15 to get it done now. But they come up here knowing they're  
16 going to represent Southern California. They didn't  
17 represent Northern California.

18 CHAIR FERRARO: I agree.

19 MR. MARCIC: So I don't think it's fair but I  
20 appreciate your, Mr. Ferraro, your comments. But I'm just  
21 trying to represent everybody here.

22 CHAIR FERRARO: Yeah, I understand.

23 MR. MARCIC: We got over a couple million dollars  
24 work going on up here and we're going to lose. I understand  
25 it's going to be something, but we got to get somebody to

1 the table, and I'm willing to start the table. I have no  
2 problem with that.

3 CHAIR FERRARO: Okay, great. Thank you very much.

4 MR. MARCIC: (Cell phone rings.) Is that my wife?

5 CHAIR FERRARO: Thank you.

6 MR. MARCIC: Thank you. I appreciate your time.

7 (Applause)

8 MS. DAEHLING-OLDFIELD: Hi, my name is Julia  
9 Daehling-Oldfield.

10 I am not a public speaker, so I just want to plead  
11 with you guys, we don't have time. We have the Indiana  
12 Jones ball rolling at us, and GSR has been doing their part.  
13 We need time. We have to be advertising. We have to be  
14 selling our boxes and getting all this out. We can't wait  
15 until the week before October 19th. Please give us that  
16 date. If you need ten days, let's do it in ten days.

17 VICE CHAIR GONZALES: Thank you.

18 CHAIR FERRARO: Anyone else?

19 MR. HOBAN: Jerome Hoban, Alameda County Fair CEO  
20 and Chair of CARF, also known as GSR now.

21 I want to offer a compromise, and I don't know the  
22 authority that Mr. Nader has today, but in the spirit of  
23 compromise that Commissioner Gonzalez has requested, I would  
24 propose that we split the baby 50-50 and we run the 50-50  
25 proposal until which time, and hopefully it never happens,

1 we reach a \$400,000 overpayment. And at that point, we make  
2 adjustments in the purse to not go over \$500,000 in  
3 overpayment.

4 I don't know if Mr. Nader has the authority to do  
5 that, but to get this done today, because we have already  
6 bought marketing dollars, marketing ads, we are already  
7 selling box seats, we are already selling turf clubs. The  
8 ball has already left as of last March when it was go/no-go  
9 day. And on that day is when we've committed millions of  
10 dollars. And the Fair Board has committed millions of  
11 dollars. And the rest of the 13 working fairs in the  
12 consortium of CARF has invested dollars.

13 So to be thinking that this could be jeopardized,  
14 to your point, over \$200,000, is silliness when at the end  
15 of the day, we have to balance a budget.

16 So that is my thought. My proposal is to get on  
17 with it over the \$200,000, and we make adjustments as we go,  
18 as any good business does. That's my thought. I don't know  
19 if the public is going to accept that.

20 (Applause)

21 MS. DAEHLING-OLDFIELD: And perhaps Mr. Nader --

22 (Off mic colloquy from the audience)

23 MR. NADER: When you say split the baby 50-50 --

24 EXECUTIVE DIRECTOR CHANEY: Can we please stop  
25 saying split the baby, please? Let's just --

1 MR. NADER: (Indiscernible.) When you say 50-50,  
2 meaning the difference of \$4.42 million and \$4 million being  
3 \$400,000 or ten percent, split it, instead of a ten percent  
4 increase, make it a ten percent increase?

5 MR. HOBAN: No, I'm saying I believe we are  
6 \$400,000 apart; right? The middle is \$600,000 apart,  
7 correct, \$600,000 overpay? You're at \$800,000 overpay.

8 MR. NADER: I'm talking about -- I'm talking about  
9 that. I don't know what the overpay is because it's only a  
10 projection by CAREF, but the purses, the benchmark speaks to  
11 the purses of \$4.42 million. You put in \$4.25 million. You  
12 put a \$4.25 million in the agreement, in the license  
13 application, so let's look at the numbers. \$4.42 million is  
14 what the benchmarks were agreed. \$4.25 million is your  
15 application. So are we saying the difference is 50-50  
16 between the \$4.42 million and the \$4.25 million or are we  
17 saying something different?

18 MR. SWARTZLANDER: We're saying between our  
19 proposal and yours today.

20 MR. NADER: But ours is a five percent increase.  
21 You already have it. We put it in. The work has already  
22 been done.

23 MR. SWARTZLANDER: Still, those numbers represent  
24 -- your numbers represent --

25 MR. NADER: But we're talking about purses; right?

1 Purses.

2 MR. SWARTZLANDER: Purses only.

3 MR. NADER: Yeah. So --

4 MR. HOBAN: Mr. Nader, do you have the authority  
5 today to actually say yes to anything other than your purse  
6 amount?

7 MR. NADER: We need -- we would need to hold a  
8 meeting and we need to -- the earliest we could do it -- but  
9 what I'm saying to you, Jerome, with all respect, and all  
10 respect to everybody behind me, is that from what I've heard  
11 today from the Vice Chairman and from you, if we were to  
12 split it, and the difference is really \$4.42 million to  
13 \$4.25 million or \$4.42 million to \$4 million, we've already  
14 done it. It's in front of you. It's in the race meet  
15 agreement that we sent yesterday, so it's already there.

16 So if you want to walk away with the deal today,  
17 it's already there, it's already been done.

18 MR. HOBAN: Are you in agreement that it would be  
19 irresponsible to go over \$500,000 in overpayment?

20 MR. NADER: Well, you can cut, you can cut,  
21 absolutely. If you get to that and you want to cut?

22 MR. HOBAN: I think we have an agreement.

23 MR. NADER: There you go.

24 CHAIR FERRARO: Wait, wait, don't walk away.

25 Let's hear what the agreement is from both of you, both

1 sides.

2 MR. NADER: I sent it (indiscernible) to Larry  
3 yesterday.

4 CHAIR FERRARO: Is there an agreement with that?  
5 Do I have an agreement?

6 VICE CHAIR GONZALES: And, Scott, to recap, I want  
7 to make sure you understand, so can you just kind of recap  
8 that way for memorialization?

9 EXECUTIVE DIRECTOR CHANEY: You did send me a --  
10 okay, everyone calm down. You did send me what you -- your  
11 organization wanted the agreement to be --

12 MR. NADER: Yes, we did.

13 EXECUTIVE DIRECTOR CHANEY: And I think you  
14 included Larry at the time.

15 MR. NADER: I did.

16 EXECUTIVE DIRECTOR CHANEY: I haven't read through  
17 it. I didn't include it in the Board packet.

18 MR. NADER: Right.

19 EXECUTIVE DIRECTOR CHANEY: The Commissioners have  
20 never seen it. In fact, I'm going to beat everybody up on  
21 it in a few seconds about submitting late things.

22 But what's happening here is that you guys are  
23 representing that you have a TOC agreement. So like, I  
24 mean, that's -- and it takes two parties to do that, you and  
25 you. And I just want to -- we have to be absolutely clear

1 that you you're both saying the same thing.

2 I mean, I don't think the Board cares what the  
3 agreement says as long as there is an agreement. So don't  
4 ask us to judge it or have it --

5 MR. SWARTZLANDER: I'll ask for some clarity from  
6 TOC.

7 MR. NADER: So perhaps you could ask for some -- a  
8 few while we go through other agenda items and come back to  
9 this.

10 MR. SWARTZLANDER: Well, no, make it very quick.

11 EXECUTIVE DIRECTOR CHANEY: This is not a great  
12 thing to do in front of the Board.

13 MR. HOBAN: Let's do that. Why don't you guys  
14 continue your meeting. Let us have a discussion about  
15 exactly what this mean.

16 CHAIR FERRARO: That's exactly what I think. It's  
17 a good idea.

18 MR. NADER: Great.

19 CHAIR FERRARO: We have other agenda items to do.  
20 We'll call you at the end.

21 MR. HOBAN: All right. Thank you.

22 MR. NADER: Thank you.

23 CHAIR FERRARO: You guys should be able to figure  
24 it out.

25 EXECUTIVE DIRECTOR CHANEY: Everybody, we are

1 continuing, so if you want to talk amongst yourselves, leave  
2 the room, please.

3 CHAIR FERRARO: Okay, item number four, discussion  
4 and action by the Board on the Application for License to  
5 Conduct a Horse Racing Meeting of the Del Mar Thoroughbred  
6 Club at Del Mar, commencing October 30th, 2024, through  
7 December 3rd, 2024, inclusive.

8 Gentlemen.

9 MR. RUBINSTEIN: Good morning, CHRB Commissioners  
10 and staff. Josh Rubenstein.

11 CHAIR FERRARO: Can I ask the audience to be quiet  
12 now? We were quiet for your own issue. Let's give these  
13 gentlemen the courtesy of being able to be heard.

14 Go ahead.

15 MR. RUBINSTEIN: Good afternoon. Good afternoon,  
16 CHRB Commissioner and staff. Thank you, Commissioner  
17 Hudnut. Josh Rubenstein with the Del Mar Thoroughbred Club.

18 Del Mar is excited to open our upcoming fall race  
19 meet, which begins on October 31st and run through December  
20 1st. We'll start with a four-day week, including the  
21 Breeders' Cup on November 1st and 2nd, and the remaining  
22 four weeks will operate as a three-day race week Friday  
23 through Sunday. Tom will discuss the racing program  
24 shortly, but we work with our partners at the TOC on  
25 developing a compelling schedule which offers some of the

1 best racing in the country this fall.

2           We're proud to offer the continuation of our very  
3 popular Backstretch Meals Program. With the support of the  
4 California Thoroughbred Horsemen's Foundation and Oak Tree,  
5 Del Mar will again provide free meals for the backstretch  
6 community. These are very hardworking men and women that  
7 are the backbone of our industry. This summer, Del Mar was  
8 able to provide over 20,000 free meals to the backstretch  
9 community. And, again, we're very proud to continue that  
10 program this fall.

11           Of course, the highlight of our fall season will  
12 be the Breeders' Cup on November 1st and 2nd. This will be  
13 the third time that Del Mar has hosted the Breeders' Cup,  
14 and we'll also be hosting the World Championships in 2025.  
15 And that's not just a reflection on Del Mar and the San  
16 Diego community that passionately supports horse racing,  
17 it's also a testament to this Board and the California  
18 stakeholders that have implemented some of the strongest  
19 safety policies in the industry and subsequent very strong  
20 results for both Del Mar and all California tracks.

21           So I'll now turn things over to Tom for a racing  
22 overview.

23           CHAIR FERRARO: Could I interrupt for --

24           MR. RUBINSTEIN: Yeah.

25           CHAIR FERRARO: -- just one second here before we

1 go on? I know you've had the Breeders' Cup several times,  
2 and you're anticipating it coming this fall, perhaps in the  
3 future. What do we get out of it? When does the state of  
4 California get out of having the Breeders' Cup here?

5 MR. RUBINSTEIN: So, handle from the Breeders' Cup  
6 helps Board support, it helps workers' compensation,  
7 stabling and vanning. It's also very important for  
8 California and for Del Mar's brand. Tom will speak to it in  
9 a moment, but we're able to offer significant purses on the  
10 undercard races. I believe it's ten total stakes that are  
11 made, mostly run by local horsemen.

12 EXECUTIVE DIRECTOR CHANEY: And paid for by the  
13 Breeders' Cup?

14 MR. RUBINSTEIN: Exactly.

15 EXECUTIVE DIRECTOR CHANEY: Okay.

16 CHAIR FERRARO: Thomas?

17 MR. ROBBINS: Okay. I'll try to keep this as  
18 brief as possible. As Josh mentioned, 14 days of Del Mar  
19 Racing to Breeders' Cup. We are racing and offering 12  
20 stakes during that 14-day period, the same number of stakes,  
21 the same values that we had last year.

22 Again, as Josh mentioned, opening week, the  
23 Breeders' Cup is sandwiched by Thursday and Sunday at Del  
24 Mar racing. There are actually eight 100-card races total  
25 run Friday and Saturday. And as Josh mentioned, many of the

1 participants are from Southern California. Most of the  
2 participants are from Southern California.

3 Post time for all of our races, not the Breeders'  
4 Cup days, will be consistent throughout, 12:30, and we'll be  
5 running for either eight or nine races on those days.  
6 Because Breeders' Cup, we are opening the barn area a bit  
7 earlier than it normally was, so we'll be open on Saturday,  
8 October 19th, and the track will be available for trading on  
9 Monday, October 21st.

10 We've been working very closely with Dr. Blea and  
11 our veterinary team, along with all of the Breeders' Cup  
12 veterinarians that descend upon Del Mar during that time  
13 frame.

14 One final note I wanted to mention and praise Dr.  
15 Blea for his efforts in working with UC Davis and Dr.  
16 Spriet. We will have the PET imaging equipment at Del Mar  
17 for that time frame of the Breeders' Cup. And it wasn't  
18 easily done, so we appreciate it.

19 CHAIR FERRARO: It's very good news.

20 MR. ROBBINS: Yeah, it's good news. That's all I  
21 have.

22 Josh will be happy to answer your questions.

23 MR. RUBINSTEIN: Can I answer any questions?

24 CHAIR FERRARO: Any questions from the Board?

25 COMMISSIONER ALFIERI: I wish there was more we

1 could squeeze out of them for the state. I know you - I've  
2 hit you on this before, but I hear what Dr. Ferraro is  
3 saying. I mean, they are providing a lot of different  
4 benefits. But it seems like the CHRB, we're struggling for  
5 money as well.

6 EXECUTIVE DIRECTOR CHANEY: I will say, like from  
7 a wagering --

8 COMMISSIONER ALFIERI: (Indiscernible.) (

9 EXECUTIVE DIRECTOR CHANEY: Well, we do. From a  
10 wagering perspective, the distributions are ridiculous;  
11 right? I mean, it's a \$185 million, \$200 million weekend,  
12 and CTHF helps in -- I mean, all the wagering distributions,  
13 including workers' compensation, CTHF --

14 COMMISSIONER ALFIERI: So that's --

15 EXECUTIVE DIRECTOR CHANEY: -- pensions, like it's  
16 a massive boon for all of those other things. I mean, what  
17 they don't get is the addition of like the purses. I mean,  
18 Del Mar takes their cut, too, because they don't get  
19 commissions, but we don't get the purses, although, to be  
20 fair, they give us money for purses on those other card  
21 races.

22 MR. RUBINSTEIN: Yeah, those are significant  
23 raises, as Tom mentioned. For example, we're running the  
24 Bayakoa Stakes, which had traditionally been run at Los Al,  
25 and the purse now was \$200,000, and it had been \$100,000 at

1 Los Alamitos. So these are all substantial purses on the  
2 undercard.

3 EXECUTIVE DIRECTOR CHANEY: Two quick questions.  
4 I know this is a little unfair because the Breeders' Cup  
5 purses, like what are you giving out per day? I guess it  
6 would be non-Breeders' Cup days. Just because we're trying  
7 to get the Board, you know, and all of us speaking the same  
8 language.

9 MR. RUBINSTEIN: Tom?

10 MR. ROBBINS: From an overnight answer, we're  
11 going to be averaging about \$345,000.

12 EXECUTIVE DIRECTOR CHANEY: Okay, but it's  
13 \$500,000 and change. I mean, on your application, it's  
14 \$500,000 and change.

15 MR. ROBBINS: Yeah.

16 EXECUTIVE DIRECTOR CHANEY: That includes stakes  
17 and everything?

18 MR. ROBBINS: That includes about \$115,000 in  
19 stakes races.

20 EXECUTIVE DIRECTOR CHANEY: Right.

21 MR. RUBINSTEIN: So with stakes, it's right around  
22 \$460,000 a day, with stakes.

23 EXECUTIVE DIRECTOR CHANEY: Got it. Okay.

24 And then, I emailed all the associations about the  
25 eligibility with respect -- I think you already have it, but

1 a ten-year-old being like the -- do you plan on implementing  
2 that?

3 MR. RUBINSTEIN: We do. That's a house rule that  
4 we will continue, yes.

5 EXECUTIVE DIRECTOR CHANEY: And do it already?

6 MR. RUBINSTEIN: Yes.

7 EXECUTIVE DIRECTOR CHANEY: Okay. Thank you.

8 VICE CHAIR GONZALES: Scott, just real quick.

9 No, you go first.

10 COMMISSIONER CASTEALLANOS: I just, I don't --  
11 rarely I do this. I want to thank Josh and your team for  
12 the food program. It has been very successful. It's a good  
13 thing to partner with the CTHF, which is one of the Boards I  
14 sit on, and it's a really good thing for everybody in the  
15 back. My people also enjoy it, too, so thank you very much.

16 CHAIR FERRARO: They still won't feed the  
17 Commissioners, though.

18 VICE CHAIR GONZALES: No, no, no.

19 MR. ROBBINS: You just need to get a groom's  
20 license.

21 VICE CHAIR GONZALES: Thanks, Commissioner.

22 You know, we don't have the pleasure of having  
23 Breeders' Cup staff coming, so you're closest, in addition  
24 to our CHRB personnel, so just two quick points.

25 One, it's the schooling of the European horses,

1 whether it's having them go through our starting gates,  
2 which are a little bit different, and I know and I've heard  
3 that they're a little bit reluctant sometimes to do the  
4 appropriate schooling. They don't have pony to accompany  
5 them and so forth. So make sure that you're putting your  
6 foot down in terms of what would constitute safe racing on  
7 that front.

8           Then about after the Kentucky Derby, I brought up  
9 the need to have any jockey who wants to levy a claim of  
10 foul that they have, in whatever language they speak, that  
11 they have somebody that can translate with the stewards and  
12 whatever they have seen or experienced so that they get a  
13 fair shake, unlike what I what I believe personally happened  
14 at the Kentucky Derby when a Japanese jockey got bumped  
15 around and did not know what the process was. But I know  
16 that there's a meeting of them but I think their ability to  
17 communicate in real time with officials, I think is  
18 important.

19           So that's only two things, schooling of the  
20 European horses, and any others, and support for  
21 international jockeys (indiscernible). If you would please  
22 convey that to the powers that be.

23           MR. ROBBINS: Yeah, both of those things are  
24 happening. Scott (indiscernible).

25           EXECUTIVE DIRECTOR CHANEY: Yeah, and to answer

1 your second, I think they're a little better about the  
2 schooling now. It used to be a major problem.

3 MR. ROBBINS: Yeah. It's a requirement.

4 EXECUTIVE DIRECTOR CHANEY: To answer your second  
5 question though, we, I don't know if -- you guys were on the  
6 meeting, I think, with -- it was kind of all hands on deck  
7 for (indiscernible) meeting this week sometime, they do have  
8 the interpreters lined up already.

9 VICE CHAIR GONZALES: Great. Excellent. Good  
10 work. Good luck.

11 EXECUTIVE DIRECTOR CHANEY: Any question from the  
12 Board?

13 Public comment? No?

14 Can we have a motion?

15 COMMISSIONER CASTEALLANOS: Castellanos. Move.

16 COMMISSIONER ALFIERI: I'll second.

17 CHAIR FERRARO: Commissioner Hudnut?

18 COMMISSIONER HUDNUT: Yes.

19 CHAIR FERRARO: Commissioner Castellanos?

20 COMMISSIONER CASTEALLANOS: Yes.

21 CHAIR FERRARO: Commissioner Gonzales?

22 VICE CHAIR GONZALES: Yes.

23 CHAIR FERRARO: Commissioner Alfieri?

24 COMMISSIONER ALFIERI: Yes.

25 CHAIR FERRARO: Commissioner Davis?

1 COMMISSIONER DAVIS: Yes.

2 CHAIR FERRARO: Commission Carvelli?

3 COMMISSIONER CARVELLI: Yes.

4 CHAIR FERRARO: And the Chairman votes yes.

5 MR. RUBINSTEIN: Thank you.

6 CHAIR FERRARO: Good luck, gentlemen.

7 MR. ROBBINS: Thank you.

8 CHAIR FERRARO: Item number five, discussion and  
9 action by the board on the request from the Los Angeles Turf  
10 Club to amend share distributions for the previously  
11 approved Pick 3 Position 3 and wager.

12 EXECUTIVE DIRECTOR CHANEY: It's better if it's  
13 not there. Thanks.

14 CHAIR FERRARO: Oh, I thought somebody was  
15 shooting at me.

16 EXECUTIVE DIRECTOR CHANEY: No.

17 COMMISSIONER CASTEALLANOS: You didn't move very  
18 fast.

19 EXECUTIVE DIRECTOR CHANEY: You were a Cool Hand  
20 Luke.

21 CHAIR FERRARO: I'm bad.

22 Well, basically, this is a request that changed  
23 how you're going to handle certain betting procedures; is  
24 that correct?

25 MR. SINDLER: It's the percentage for this one

1 particular wager --

2 CHAIR FERRARO: Right.

3 MR. SINDLER: -- how the shares are calculated.

4 CHAIR FERRARO: Right. That's -- okay.

5 MR. SINDLER: That is to match what you just  
6 approved for the Del Mar fall meet.

7 EXECUTIVE DIRECTOR CHANEY: Yeah, just for the  
8 edification of the Board members, their license, their fall  
9 license has already been approved. They're looking to  
10 change one of the terms and that is how, one, this new  
11 three-by-three wager works, and that's basically the  
12 payouts. If I understand it correctly, you're taking some  
13 of the percentage away from the person who picks all nine  
14 and kind of distributing that for picking eight correctly,  
15 seven correctly, six correctly, and so on?

16 MR. SINDLER: Correct. So when this was approved  
17 at the August Board meeting, the three-by-three was launched  
18 that day at Del Mar, and we tracked the payouts, and we  
19 think that this would be a little bit more player-friendly.  
20 So we're trying to see how it works out, and that's what Del  
21 Mar just kind of proved to do, also, so we're trying to keep  
22 it consistent.

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

25 COMMISSIONER HUDNUT: Is this information only or

1 does it require a motion?

2 EXECUTIVE DIRECTOR CHANEY: It requires a motion.

3 COMMISSIONER CASTEALLANOS: So this would be --  
4 I'm sorry. This would be a modification to the original way  
5 it was presented to us; correct?

6 MR. SINDLER: Correct.

7 COMMISSIONER ALFIERI: We're adding?

8 EXECUTIVE DIRECTOR CHANEY: No, no, no. This  
9 wager was in the license.

10 COMMISSIONER CASTEALLANOS: Yes, well, it was.

11 EXECUTIVE DIRECTOR CHANEY: -- the way they are  
12 paying it out is slightly --

13 (Indiscernible overtalk by Commissioners)

14 COMMISSIONER HUDNUT: He's lowering the benchmark.

15 EXECUTIVE DIRECTOR CHANEY: They're spreading --  
16 they're actually -- they're actually spreading the wealth a  
17 little bit, to be honest.

18 CHAIR FERRARO: All right. Do we have a motion?

19 COMMISSIONER HUDNUT: So moved.

20 CHAIR FERRARO: Second?

21 COMMISSIONER DAVIS: Second.

22 CHAIR FERRARO: Commissioner Carvelli?

23 COMMISSIONER CARVELLI: Yes.

24 CHAIR FERRARO: Davis?

25 COMMISSIONER DAVIS: Yes.

1 (Colloquy between Commissioners)

2 CHAIR FERRARO: I didn't hear you.

3 COMMISSIONER CARVELLI: I said yes.

4 CHAIR FERRARO: Alfieri?

5 COMMISSIONER ALFIERI: Yes.

6 CHAIR FERRARO: Gonzales?

7 VICE CHAIR GONZALES: Yes, sir.

8 COMMISSIONER CASTEALLANOS: Yes.

9 CHAIR FERRARO: And the Chairman votes yes.

10 Carry on.

11 MR. SINDLER: Thank you.

12 CHAIR FERRARO: Discussion and action by the Board  
13 on the distribution of race day charity proceeds of  
14 Watchandwager.com, LLC, from 2023/2024 race meet.

15 MR. SCHICK: Good morning, Chairman Ferraro and  
16 members of the Commission.

17 CHAIR FERRARO: I thought we'd never get to you.

18 COMMISSIONER CASTEALLANOS: Good afternoon.

19 MR. SCHICK: Christopher Schick, Watch and Wager  
20 Standardbred.

21 We've submitted our request from our '23/24 meet  
22 for our charity distributions. All of our charities are  
23 either racing or aftercare related, as they have been in  
24 previous years. And we ask for your approval.

25 CHAIR FERRARO: It's pretty much the same as the

1 previous years; right?

2 MR. SCHICK: Yes.

3 CHAIR FERRARO: Any questions from the Board?

4 Public comment? None?

5 Can I have a motion?

6 COMMISSIONER ALFIERI: I'll make a motion.

7 CHAIR FERRARO: Second?

8 COMMISSIONER HUDNUT: Second.

9 CHAIR FERRARO: Commissioner Hudnut?

10 COMMISSIONER HUDNUT: Yes.

11 CHAIR FERRARO: Commissioner Castellanos?

12 COMMISSIONER CASTEALLANOS: Yes.

13 CHAIR FERRARO: Commissioner Gonzales?

14 VICE CHAIR GONZALES: Yes.

15 CHAIR FERRARO: Commissioner Alfieri?

16 COMMISSIONER ALFIERI: Yes.

17 CHAIR FERRARO: Commissioner Davis?

18 COMMISSIONER DAVIS: Yes.

19 CHAIR FERRARO: And Commissioner Carvelli?

20 COMMISSIONER CARVELLI: Yes. Yes.

21 CHAIR FERRARO: The Chairman votes yes.

22 Carry on.

23 MR. SCHICK: Thank you.

24 CHAIR FERRARO: Okay, item number seven is

25 discussion and action by the Board regarding allocation of

1 racing dates for the racing calendar year 2025.

2 Do you want to make a comment, Scott?

3 EXECUTIVE DIRECTOR CHANEY: Sure. As the Board  
4 knows, actually racing at a race meet is a two-step process.  
5 Tracks ask for an allocation of racing dates for planning  
6 purposes. The Board has allocated the entire year of 2024.  
7 What is in front of you is an allocation of weeks for 2025.

8 There's obviously a lot of moving parts. There's  
9 a Northern California thoroughbreds, and also in Northern  
10 California is Harness, and then Southern California has  
11 thoroughbreds and Quarter Horses. So there, in some ways,  
12 there are like kind of four separate calendars, if you will.  
13 Most of them are, I would say, agreed upon by all of the  
14 players. There are a few small differences around the  
15 edges, which I'm sure the Board will get into as we hear  
16 from stakeholders.

17 MR. SWARTZLANDER: I just wanted to -- what Scott  
18 was alluding to, and Bill will be here in a minute, but  
19 we've agreed on the GSR dates. TOC and GSR have agreed on  
20 the number of days of racing the GSR in 2025. The thing  
21 that we haven't agreed to is the summer schedule.

22 As we try a new schedule this year, you know, it's  
23 still in progress, and I'll let him speak to it, but I asked  
24 to defer the summer dates until we could get the resolution  
25 as to how successful they were, what were the issues,

1 because there are other options to do. Another option would  
2 be to go back to the old Golden Gate model where we run a  
3 GSR meet in the middle of the summer and put the fairs back  
4 on their regular schedule.

5 CHAIR FERRARO: Well, Larry, to be honest with  
6 you, until we see how you do on your fall meet, I think it  
7 would be premature for this Board to approve dates for you.  
8 I mean, we don't know how successful you're going to be.  
9 We're hoping you're going to be successful, and then we can  
10 talk about dates for next year. But to me, and other  
11 members of the Board may disagree, but I think it's  
12 premature to award you dates until we know how you're going  
13 to do.

14 MR. SWARTZLANDER: Well, I have to be positive  
15 that we're going to be successful. And then Bill and I have  
16 reached an agreement for this one and I think we can get it  
17 done.

18 EXECUTIVE DIRECTOR CHANEY: Just to clarify for  
19 the Board, so far, Northern California thoroughbreds, GSR is  
20 seeking December 26th or whatever, you know, end of December  
21 through mid-June.

22 MR. SWARTZLANDER: June.

23 EXECUTIVE DIRECTOR CHANEY: We haven't discussed  
24 what happens after that --

25 MR. SWARTZLANDER: After that, no.

1 EXECUTIVE DIRECTOR CHANEY: -- and it's sort of  
2 unclear? Okay.

3 And I don't want to forget, I'm sure Becky is in  
4 the room, Santa Rosa, not part of CARF --

5 MR. SWARTZLANDER: Right.

6 EXECUTIVE DIRECTOR CHANEY: -- is seeking three  
7 weeks --

8 MR. SWARTZLANDER: Right. Right.

9 EXECUTIVE DIRECTOR CHANEY: -- in the in the  
10 middle of the summer.

11 COMMISSIONER CASTEALLANOS: Executive Director, on  
12 those dates, he would -- they would still have to apply for  
13 the summer meeting for next summer; right?

14 VICE CHAIR GONZALES: I'm just --= yeah, like a  
15 license application?

16 COMMISSIONER CASTEALLANOS: Yeah, the license  
17 application.

18 VICE CHAIR GONZALES: Yeah. Yeah.

19 COMMISSIONER CASTEALLANOS: Okay.

20 MR. SWARTZLANDER: It would be a separate license.

21 EXECUTIVE DIRECTOR CHANEY: Well, they would, for  
22 the summer, they would still need the date allocation.

23 COMMISSIONER CASTEALLANOS: Yes.

24 EXECUTIVE DIRECTOR CHANEY: And then the  
25 subsequent license. Yeah, so it's still a two-step process.

1 COMMISSIONER CASTEALLANOS: Got it.

2 EXECUTIVE DIRECTOR CHANEY: I mean, it's not  
3 unheard of to --

4 CHAIR FERRARO: Well, you need it for the winter,  
5 too. They don't have application dates assigned for the  
6 winter meet either.

7 EXECUTIVE DIRECTOR CHANEY: Hopefully --

8 CHAIR FERRARO: Just January through --

9 EXECUTIVE DIRECTOR CHANEY: -- hopefully Bill  
10 and --

11 CHAIR FERRARO: Well, we're talking about this  
12 year October through December; right?

13 EXECUTIVE DIRECTOR CHANEY: No, they've been  
14 allocated dates. The Board did that in March. They're in  
15 front of us with their license application and that's still  
16 on hold.

17 CHAIR FERRARO: Yeah, okay. Okay.

18 COMMISSIONER CASTEALLANOS: Understand.

19 CHAIR FERRARO: All right, any other questions for  
20 Larry?

21 So go ahead and sit down.

22 We've got two -- again, I hate to bring this up  
23 now because everybody in the room, but we have the north and  
24 the south. We have the dates for the south and we have the  
25 dates for the north. It seems to me that the dates for the

1 south have been the same for the last three years. Giving  
2 the financial instability and uncertainty of what's going  
3 on, I see no reason to make changes to the Southern  
4 California schedule, which involves Quarter Horses,  
5 thoroughbreds. So we could approve the Southern California  
6 dates without any changes.

7           The Northern California dates, it seems to me,  
8 would be premature to allow -- to allocate any dates until  
9 we know how they're going to do. Now, there may be  
10 disagreements on the Board with that --

11           VICE CHAIR GONZALES: Yeah, there definitely is.

12           CHAIR FERRARO: -- but that --

13           VICE CHAIR GONZALES: There's definitely  
14 disagreement.

15           CHAIR FERRARO: So?

16           VICE CHAIR GONZALES: Well, just two quick points.

17           There was a request, on the Southern California  
18 dates, there was a request by Los Alamitos for a dark week  
19 in December of which Santa Anita replied to that request.  
20 So that's one item.

21           And then as it relates to what you're inferring,  
22 sir, about approving just the south and then leaving the  
23 north back in limbo, I just don't think that's going to fly.  
24 I think for planning purposes, I think you have to have a  
25 framework. We all hold the responsibility of approving

1 individual licenses, so if things just are not matching up  
2 to expectations, we can always -- but to not approve an  
3 entire statewide calendar, I think would feed into that  
4 narrative that it's the have/have-nots, rural versus urban,  
5 north versus south, which I believe we're trying to avoid.

6 So those are just my initial reactions to that.

7 CHAIR FERRARO: Any other comments from the Board?

8 COMMISSIONER DAVIS: Well, I have to agree with  
9 Oscar on that, if we're not approving a license, if we're  
10 just trying to -- and I think the narrative that we're one  
11 state, there may be two circuits but we are one state, to  
12 not make that distinction, we'll know a lot more by the time  
13 it's time to renew the license and figure out whether we're  
14 going to grant it, so --

15 CHAIR FERRARO: Well, would you be in favor of  
16 allocating dates now?

17 COMMISSIONER DAVIS: Yes, I would.

18 CHAIR FERRARO: Commissioner Cavalerri [sic], do  
19 you have any comments about that?

20 COMMISSIONER CARVELLI: Carvelli.

21 CHAIR FERRARO: Carvelli.

22 COMMISSIONER ALFIERI: (Indiscernible.)

23 CHAIR FERRARO: Well, my cousin is Cavalerri, you  
24 know?

25 COMMISSIONER CARVELLI: Not now, sir.

1 CHAIR HORNE: Anybody else? Hudnut?

2 So what do you want to do? Does somebody want  
3 to --

4 COMMISSIONER CASTEALLANOS: Well, if there's any  
5 more -- any more people to speak?

6 EXECUTIVE DIRECTOR CHANEY: Yeah, I'm sure we have  
7 stakeholders who would like to --

8 CHAIR FERRARO: Yeah.

9 EXECUTIVE DIRECTOR CHANEY: -- kind of give their  
10 two cents.

11 VICE CHAIR GONZALES: I see the Los Al. I see the  
12 gentlemen from Los Alamitos. Perhaps you want to expound on  
13 the request for that dark week in December and any  
14 rationale?

15 MR. COUTO: Thank you, distinguished  
16 Commissioners. Drew Couto on behalf of Los Alamitos. I'm  
17 joined by John Latimer, also representing Los Alamitos here  
18 today. Cathy Monji apologizes. She had to catch a plane  
19 back. They have some issues that Los Al they had to  
20 address, so she apologizes. She was here for the first  
21 couple of hours and had to leave just recently.

22 The only issue on the calendar as far as Los Al is  
23 concerned was a request for consideration of participating  
24 in the dark days in December this year. And when we looked  
25 at prior years, in 2023, there were six dark days between

1 the conclusion of Los Alamitos Racing Association's winter  
2 meet and the start of the Santa Anita winter Meet. There  
3 were six days of dark days. In 2021, there were 11 dark  
4 days. And it obviously changes depending on when the  
5 calendar -- how the calendar falls.

6 In the coming year, there are 12 days between the  
7 last day of the Los Alamitos winter meet and the start of  
8 the Santa Anita meet, there are 12 days. Los Al requested  
9 consideration by the Board of half of those dates through --  
10 from the end of their meet through the, I believe it's the  
11 21st, the Sunday. They understood there was pushback.  
12 They've come back and said, look, we'll split that weekend,  
13 we'd be happy to split that weekend, but that, they believe,  
14 is fair. They don't participate in any of the dark weeks  
15 throughout the year.

16 Los Alamitos, as we said, this year has  
17 experienced, in the midst of its business year, an almost  
18 300 percent increase in their obligation to fund the CHRB's  
19 funding requirements, which has created some significant  
20 issues that they're trying to deal with. And it's a  
21 transition period and they can use some help.

22 And they're hoping that what they can do with the  
23 revenue generated on that portion of the dark days, just a  
24 portion of the dark days, not all of them, but a portion of  
25 that, whatever revenue is generated during that period of

1 time, they would take the entire amount, not split it  
2 between commissions and purses, but dedicate the entire  
3 amount that's generate that period, and add it to the purses  
4 to be paid during the thoroughbred race meet. So the track  
5 would not benefit, only horsemen would benefit from those  
6 dark days.

7           And if you look at the relative purses for Los  
8 Alamitos's winter meet, that bit of revenue reflects an  
9 increase of -- well, significantly higher increase in the  
10 purse revenue than it would spread out over Santa Anita's  
11 meet, which would be far less than one percent change in  
12 their purses, to be closer to four percent change. So it  
13 benefits horsemen.

14           And the Los Alamitos winter meet historically  
15 serves a different level of horse racing than does the Santa  
16 Anita winter meet. There's a different level of stable.  
17 There's a different level of horse. The men and women that  
18 compete in the races at Los Alamitos in their thoroughbred  
19 meet don't often have the same opportunity to compete at the  
20 same level that they do at Santa Anita. This is a very  
21 important meet to them, particularly at the end of the year.

22           And the same holds true for the riders. It's  
23 often a different group of riders who find success at the  
24 Winter Meet.

25           So again, Los Al was asking -- it had made

1 requests in the prior years for the summer week between Del  
2 Mar and Los Alamitos and was, for various reasons, Del Mar  
3 need it for their Ship and Win, they needed for a purse  
4 overpayment, they were rebuffed on those efforts.

5 Here, because of the calendar with the additional  
6 days, there's an inherent fairness in allowing Los Alamitos,  
7 and it's horsemen in particular, to get part of that to  
8 benefit those horsemen. And there's -- Santa Anita gets the  
9 same number of dark days that they had in 2013. They'll  
10 have the same number of days, the same revenue.

11 So in hopefully fulfilling your overall  
12 obligations to be fair to every level of racing in the  
13 state, north and south, and to consider the difficulties  
14 faced at every level of racing in the state, and to expand  
15 racing opportunities at every level in the state, we'd ask  
16 consideration of half of those dates this year because of  
17 the uniqueness of the calendar.

18 Any questions?

19 VICE CHAIR GONZALES: Thank you for that. And  
20 would you mind introducing your new Sacramento  
21 representative? I know they're -- and by the way, I want to  
22 just say that Jack Liebau recently retired, from my  
23 understanding, and I just want to just say on behalf of this  
24 Board, a big thank you to a respected gentleman, Jack  
25 Liebau, for all of his years of commitment to racing

1 statewide. Hopefully he stays involved in some capacity,  
2 but please pass our regards, and we do welcome both of you,  
3 in addition to Ms. Manji, who is the new CEO. But if you'd  
4 like to --

5 MR. LATIMER: Mr. Chairman and members, John  
6 Latimer. Our firm, Capitol Advocacy, is located here in  
7 Sacramento. We've worked on many issues, including horse  
8 racing over the years. I've worked with Mr. Couto in the  
9 past. Pleased to be part of the team for Los Alamos. Here  
10 to answer any questions you may have and just support  
11 everything that Drew has said at this point.

12 CHAIR FERRARO: Drew, it is true that Los Alamitos  
13 has more racing days allocated to them than anybody else; is  
14 that not true?

15 MR. COUTO: Los Al, let's remember, there are two,  
16 at least two different race meets at Los Al. What you're  
17 referring to is the Quarter Horse race meet, which doesn't  
18 participate in those revenues. We're not talking about the  
19 Quarter Horse race meet. We're talking about Los Alamitos  
20 Racing Association which is the thoroughbred racing.

21 CHAIR FERRARO: But your Quarter Horse meet still  
22 gets dates allocated by this Board; correct?

23 MR. COUTO: I'm sorry?

24 CHAIR FERRARO: Your Quarter Horse meet still gets  
25 dates allocated by this Board.

1 MR. COUTO: Correct, they get night gigs, which  
2 are historically not the same economic dates as day dates.  
3 And the revenues generated through Los Alamitos Quarter  
4 Horse Racing Association do not fund any of the Los Alamitos  
5 Racing Association thoroughbred days or purses. They're  
6 completely separate by law. So they're two different race  
7 meets functioning economically separately.

8 CHAIR FERRARO: But Los Alamitos, the revenue  
9 generated goes to Los Alamitos, whether it's thoroughbred or  
10 Quarter Horse; correct?

11 MR. COUTO: It goes to Los Alamitos Racing  
12 Association for thoroughbred revenues when they generate.  
13 When they have a live meet for thoroughbreds, all of that  
14 revenue has to be kept by thoroughbred -- Los Alamitos  
15 Racing Association. And the Quarter Horse beat revenues  
16 from the night can only be used for Los Angeles Quarter  
17 Horse racing.

18 CHAIR FERRARO: But you're talking about the same  
19 corporation owning both entities.

20 MR. COUTO: I'm sorry?

21 CHAIR FERRARO: The same corporation is the parent  
22 to both --

23 MR. COUTO: It's not the same corporation.  
24 They're actually different corporations.

25 CHAIR FERRARO: Well, but it doesn't matter what

1 the corporations are, we know who the -- who benefits from  
2 that revenue; right? I mean, you're trying to say because  
3 it's Quarter Horses, you're not getting the revenue because  
4 it's not thoroughbred. But in a sense, the man behind Los  
5 Al is getting both revenues.

6 MR. LATIMER: I think respectfully, Mr. Chairman,  
7 that's why the proposal before is to take any additional  
8 revenue from the dark days and put it just into the purses.  
9 So we're not talking about attempting to impact the bottom  
10 line of either of the racing associations. It's to try to  
11 support the horsemen to strengthen that meet.

12 EXECUTIVE DIRECTOR CHANEY: But you also, I mean,  
13 I can't with hypocrisy. You also said -- with hypocrisy or  
14 deciding what the argument is. You said that the Board  
15 support formula change this year and that all of a sudden  
16 you have to -- you know, you want to make up for that  
17 revenue, but you're not making up the revenue. Is it either  
18 you guys need more money or you want to support purses? It  
19 can't be both; right?

20 MR. COUTO: That's not exactly what I said, Scott.  
21 I said the change in funding for the operation has caused a  
22 number of issues at Los Al that they are trying to work  
23 through. I did not say it was a dollar for dollar. I think  
24 that's something they were inferring.

25 EXECUTIVE DIRECTOR CHANEY: Right. But does that

1 have anything to do with increasing the purse? Does that  
2 have anything to do with taking all the money you harvest  
3 from the simulcasting and giving it to purses though? That  
4 has nothing to do with the bottom line then; right?

5 MR. COUTO: It has nothing to do with the bottom  
6 line.

7 EXECUTIVE DIRECTOR CHANEY: Right.

8 MR. COUTO: No, it will not --

9 EXECUTIVE DIRECTOR CHANEY: Or is it --

10 MR. COUTO: -- it will not affect the cost  
11 allocation.

12 EXECUTIVE DIRECTOR CHANEY: Got it. Okay.

13 MR. COUTO: The cost allocation has an impact on  
14 it versus the ability to --

15 EXECUTIVE DIRECTOR CHANEY: Sure, sure, more  
16 higher purses, more people bet, and so on and so forth.

17 MR. COUTO: Correct.

18 EXECUTIVE DIRECTOR CHANEY: I get that. It's  
19 indirect.

20 MR. COUTO: There's an overall ecosystem here.

21 EXECUTIVE DIRECTOR CHANEY: Okay.

22 MR. COUTO: Yeah.

23 CHAIR FERRARO: But it's true that the cost  
24 allocation has risen for everybody; right?

25 MR. COUTO: No, actually, it hasn't. For example,

1 the Los Angeles Turf Club.

2 CHAIR FERRARO: Well, only because they were  
3 paying more than their share in the past.

4 MR. COUTO: I hope we're not going to debate that  
5 issue again because we have, definitely, a difference of  
6 opinion about that.

7 COMMISSIONER ALFIERI: Hello?

8 CHAIR FERRARO: All right, I'll let it go.

9 COMMISSIONER ALFIERI: Hello?

10 CHAIR FERRARO: I'll let it go.

11 MR. COUTO: But I think that's not the agenda  
12 item; correct?

13 CHAIR FERRARO: That's fine.

14 Any other questions or comments from the Board?

15 VICE CHAIR GONZALES: Just one other question.

16 This would just be a one-time request that Los Alamitos has  
17 to tap into that dark week in December? This isn't a, you  
18 know, hoping that this becomes a permanent; right? This  
19 would just be a one-time request?

20 MR. COUTO: We have not made a request for a  
21 permanent. The calendar fits very well this year with the  
22 12 days and we thought it was appropriate.

23 VICE CHAIR GONZALES: Okay. Okay, just to be  
24 clear. All right.

25 COMMISSIONER CASTEALLANOS: How many days is that

1 exactly?

2 MR. COUTO: So, let's see, it would be -- I don't  
3 have it, I'd have to grab my computer, but it would be  
4 through, I think, the last day of the race meet is the -- it  
5 would be Sunday before.

6 EXECUTIVE DIRECTOR CHANEY: Yeah, and I --

7 MR. COUTO: And this would extend through the  
8 following Saturday, through December 20th. So what is that,  
9 the 13th through the 20th; is that right?

10 EXECUTIVE DIRECTOR CHANEY: Yeah. I can't  
11 understand exactly like the -- but what I do understand is  
12 that we allocate based on weeks typically, so if we divide  
13 it up a week, that would be an entirely new concept.

14 MR. COUTO: So we would end Tuesday.

15 EXECUTIVE DIRECTOR CHANEY: The week that we're --  
16 the week that I think they're discussing is 2025, December  
17 17 through 23. So we allocate Wednesday through Tuesday, so  
18 that would be 17 through 23.

19 MR. COUTO: Yeah, so if I understand correctly,  
20 Los Al would continue through that Tuesday, and they're  
21 asking that they get Wednesday, Thursday, Friday, Saturday.  
22 That's what they're asking for, Wednesday, Thursday, Friday,  
23 Saturday, which leaves Sunday, Monday, Tuesday, Wednesday,  
24 Thursday for the following week for Santa Anita with, I  
25 think it's opening, whatever the 12th day is after the

1 closing.

2 But instead of asking through the complete  
3 weekend, which was 21st, because of the pushback, they said,  
4 okay, we'll split the weekend and we'll go to the 20th. And  
5 that's just, that would extend, so from that Tuesday, which  
6 would be part of their week, it would extend, would include  
7 now Wednesday, Thursday, Friday, and Saturday. So you're  
8 looking at four days.

9 COMMISSIONER CASTEALLANOS: 2025?

10 EXECUTIVE DIRECTOR CHANEY: We're talking about  
11 2025.

12 MR. COUTO: Yes.

13 EXECUTIVE DIRECTOR CHANEY: So Los Al is --  
14 there's no dispute that they should be or no one's disputing  
15 that they should be allocated through the 16th, which is a  
16 Tuesday.

17 MR. COUTO: Yeah.

18 EXECUTIVE DIRECTOR CHANEY: And then, of course,  
19 no dispute that Santa Anita should start on the 24th. What  
20 is disputed is the 17th through the 23rd, so Wednesday  
21 through Tuesday; right? Yeah.

22 CHAIR FERRARO: All right.

23 COMMISSIONER CARVELLI: Well, who's disputing it?

24 EXECUTIVE DIRECTOR CHANEY: Well, it just depends.  
25 The last three years, Santa Anita has had that simulcast

1 week. Los Al is asking for, I guess, part of it now.

2 CHAIR FERRARO: Would Santa Anita like to comment  
3 on this, please?

4 MR. COUTO: What we're saying is, again, in past  
5 years, you're looking at a six day dark week. This year,  
6 you basically have 12 days between the two meets, you have  
7 an extra period of time. And so -- and Santa Anita is not  
8 really losing anything from prior years, it's just there's a  
9 longer, because of the calendar, there's a longer time  
10 period.

11 CHAIR FERRARO: Okay, all right.

12 EXECUTIVE DIRECTOR CHANEY: I suspect Mr. Butler  
13 might think otherwise.

14 CHAIR FERRARO: Thank you.

15 MR. COUTO: I'm sure. I'm sure he would.

16 MR. BUTLER: (Indiscernible.) Nice to meet the  
17 new lobbyist.

18 MR. LATIMER: How are you?

19 MR. BUTLER: I'm really good. Never seen a  
20 lobbyist get brought up to do (indiscernible) but that's  
21 pretty good.

22 As I'm sure you're aware, first of all, lovely to  
23 see a new Commissioner. Chair, Commissioners, thank you for  
24 dealing with such a tough day.

25 COMMISSIONER ALFIERI: What's your name?

1 MR. BUTLER: It is a tough day. My name's Aiden  
2 Butler. I'm the president of the 1/ST Group.

3 This is slightly farcical. The dates going, as  
4 they always are, are allocated in advance in dark days. I  
5 sent a letter, which I hope you all had a chance to read.  
6 This week that was taken, which most of you were here, I  
7 understand, Los Alamitos was quite angry about losing that  
8 week, went to Del Mar, and Del Mar picked up an extra week  
9 of dark day money. That's the first point.

10 The second point of sharing the week, as most of  
11 you as horse racing fans are aware, there is no racing the  
12 day before Christmas or anything called reconstitute racing.  
13 So it isn't really a share of a week, it's an unfortunate  
14 tax being placed on Santa Anita at a time where no one can  
15 afford it. But this is maybe just a step too far.

16 A little disappointed that Cathy didn't come  
17 herself.

18 And, Drew, great litigator, great that the new  
19 lobbyist is here, but this is getting a little out of whack.  
20 It really is. I've never been in front of this Board. I've  
21 got the most respect for this Board, of any Board I've ever  
22 been in front of. You do a really tough job. And now this  
23 is getting a little bit unfair, and it's starting to really  
24 put pressure. I know, I wouldn't think this for a second,  
25 it's putting pressure on Santa Anita. It's unjust on you,

1 and for no reason, to prop up some purses. That seems to be  
2 just more of a marketing ploy than a real reality about the  
3 case of dark weeks.

4 Eric, do you have anything you want to add?

5 MR. SINDLER: Just if you look at Aiden's letter,  
6 you'll see that if you go down to 30 weeks, that's a nine  
7 percent decrease in weeks allocated. And there's just -- we  
8 can't imagine any justification considering all the  
9 improvements we do, we've put in new training tracks, we do  
10 all kinds of improvements, and it's just taking more and  
11 more weeks away from us, and we don't understand why.

12 (Indiscernible.)

13 MR. BUTLER: Ant it's also -- I think maybe  
14 there's a point of lack of marketing within the Board.  
15 Commissioner Damascus brought up the great job that Del Mar  
16 does with the free meals for the backside workers. We  
17 instituted a plan biweekly for every single week horses are  
18 on the ground, which is ten months of the year, out in Santa  
19 Anita. It doesn't seem to get much traction. It doesn't  
20 matter, we do it because it's the right thing to do.

21 But at some point, if we keep hitting Santa Anita,  
22 that this nail will snap and there will be no going back on  
23 it. It doesn't matter that it's short-lived. I think we've  
24 been quite vocal in the meetings running up to this that the  
25 detriment of the whole game, the poor people in the north, I

1 understand, it's brutal, but just giving and taking at a  
2 whim, it just doesn't seem fair, and it just isn't going to  
3 fly.

4 CHAIR FERRARO: Questions from the Board?

5 Thank you, gentlemen.

6 MR. BUTLER: Thank you.

7 CHAIR FERRARO: We have Justin, who would like to  
8 speak.

9 MR. OLDFIELD: Yes, sir, just to ask, I think  
10 there was some confusion about whether or not public comment  
11 was being taken, so I don't know if everybody that --

12 CHAIR FERRARO: Yeah, it's public comment right  
13 now.

14 EXECUTIVE DIRECTOR CHANEY: Although, we probably  
15 still need to hear from Santa Rosa, if Becky wants to speak  
16 up. And then, also, Watch and Wager.

17 CHAIR FERRARO: Here-here. Go ahead. Let him  
18 talk.

19 EXECUTIVE DIRECTOR CHANEY: Yeah. Yeah, you're  
20 both a stakeholder and the public.

21 CHAIR FERRARO: You're both a stakeholder and --  
22 the stakeholder (indiscernible) anyway.

23 MR. OLDFIELD: I appreciate what, trying to  
24 follow. I know this is a tough meeting for everybody, given  
25 the circumstances we're under, but I just wanted to be clear

1 about the date allocation for 2025 for the whole state. I  
2 really appreciate what was said by Commissioner Gonzalez and  
3 Commissioner Davis about making sure that we are awarding  
4 dates as an entire state, and that goes for our stakeholders  
5 in the south as well. And I'll tell you why.

6           The first part is when this Board took action to  
7 award dates to the north in March -- was it March or was it  
8 April? It's Blurred. Anyways, when that happened, you guys  
9 sent extreme confidence to the breeding industry. And I can  
10 tell you as the Chairman of the California Thoroughbred  
11 Breeders Association, that date allocation got people to  
12 breed. And we saw, I think, breeding numbers that were  
13 consistent. You know, there was a slight fall, but people  
14 had faith that we were going to continue on to make sure we  
15 had a spot for these horses.

16           I think that will be said again today with a  
17 statewide date allocation. People are going to start  
18 looking at breeding decisions here soon for 2025. And by  
19 making that statement, you're going to give people the  
20 confidence and the certainty to continue to breed. And  
21 that'll be hugely important for both the north and the south  
22 of the state of California.

23           I mean, I'll just say it, we're going to get to do  
24 this again in December or November when we look at a license  
25 application for 2025. So as Commissioner Davis said, we get

1 to have that fun again. But I think awarding the dates is  
2 absolutely key.

3           The other thing that I'll say to that, too, and I  
4 think you know Mr. Hoban made the point and the point can't  
5 be -- it needs to be reiterated, Alameda County Fair has put  
6 up \$4.3 million; \$2.5 million of that has already been  
7 spent, and more money is going to get spent over the coming  
8 months. That's real capital. The only way to make that  
9 money back is if we race.

10           So we would have a huge, in my opinion, huge issue  
11 here if that money -- or if we're not in a position to race  
12 to make that money back, given the fact that, you know, we  
13 have the means and the willingness to do so.

14           So anyways, I just want to say thank you very  
15 much, and it's very, very important that that statewide  
16 conference is adopted today.

17           CHAIR FERRARO: Thank you. Thanks, Justin. Thank  
18 you.

19           Becky?

20           (Applause)

21           MS. BARTLING: Becky Bartling, Sonoma County  
22 Fairgrounds CEO, and we would like to have the same --

23           COMMISSIONER CASTEALLANOS: Can't hear you.

24           MS. BARTLING: Becky Bartling, CEO of Sonoma  
25 County Fairgrounds.

1 We'd like to have the same dates that we had last  
2 year, three weeks. We had a great race meet this year, and  
3 we'd like to do the same next year.

4 CHAIR FERRARO: Questions from the Board?

5 COMMISSIONER CASTEALLANOS: No question.

6 CHAIR FERRARO: None?

7 MS. BARTLING: Thank you.

8 CHAIR FERRARO: Good luck. Thank you.

9 Would you like to say something? Then try to sign  
10 up next time, will you? Go ahead.

11 MR. MORGAN: James Morgan, Humboldt County Fair.

12 What I'd like to do first is thank each and every  
13 one of you, except maybe the newbie, for voting in the three  
14 weeks of un-overlapped in Humboldt. We went from  
15 contributing \$400,000 to purses in 2023 to well over a \$1  
16 million this year.

17 What difference does that make to the industry?  
18 CARF came in and overpaid at about \$400,000 at the  
19 commencement of our meet. We wiped that out and added  
20 \$300,000 to the consolidated purse fund.

21 We're talking about diminishing horses. In 2023,  
22 we had 130-some odd horses. This year we had 240. That's a  
23 160 percent rise in the horse population there.

24 Our backstretch workers were treated to barbecues,  
25 fish fries. Everyone loved it up there in the 70-degree

1 weather while it's 100 degrees everywhere else in the state.

2 So we were growing.

3 And as for union employees, before, as you recall,  
4 the gate crew didn't want to go up for two weeks. For  
5 three, they were all there and working efficiently and  
6 employed.

7 Our mutual clerks, we've had trouble getting  
8 people up there. We would only have a handful. This time  
9 we had at least 20. All the windows were open. Everybody  
10 was happy.

11 And when we talk about purses and allocations and  
12 benchmarks and things like that, on August 31st, we had our  
13 Ladies Hat Day. According to the daily racing form, there  
14 was over 5,000 people in attendance at the races that day.  
15 Not one of our purses was over \$10,000, not one. And yet we  
16 had crowds, we had happy people. We had a local group of 50  
17 individuals that had \$1,000 each to buy ten racehorses,  
18 horses that could not compete on the Southern California  
19 circuit, but they came up to Humboldt, they competed, and  
20 they filled our race cards.

21 So I want to thank each of you for giving Humboldt  
22 for the first time in 128 years the opportunity to race  
23 without overlap, the opportunity to have three weeks. It  
24 made all the difference. And our track, our meet is  
25 growing, both in commissions, purses, and horse population,

1 and we appreciate that opportunity.

2 CHAIR FERRARO: Thank you very much.

3 EXECUTIVE DIRECTOR CHANEY: Just a quick question,  
4 though. You're not seeking an allocation? Like CARF, I  
5 guess I'm a little confused, CARF is not seeking beyond  
6 June, so we're not -- we wouldn't be allocating dates to  
7 Ferndale today, is that --

8 MR. MORGAN: That's probably true.

9 EXECUTIVE DIRECTOR CHANEY: Okay.

10 MR. MORGAN: I just wanted to thank the Board.

11 EXECUTIVE DIRECTOR CHANEY: Great.

12 MR. MORGAN: We had a great meet.

13 EXECUTIVE DIRECTOR CHANEY: Just making sure.

14 Thanks.

15 CHAIR FERRARO: Any questions? Wait a minute.

16 Wait a minute.

17 (Applause)

18 CHAIR FERRARO: Did you want to ask him a  
19 question? Did you want to ask him a question?

20 COMMISSIONER DAVIS: No, I just wanted to thank  
21 him for making that remark.

22 CHAIR FERRARO: Oh, okay.

23 MR. SCHICK: Good afternoon, Chairman Ferraro,  
24 members of the Board. Christopher Schick, Watch and Wager  
25 Standardbred.

1           We've submitted our request for 2025 dates and  
2 started December 20th through May 9th, and then resuming  
3 into fall again November 15th through December 24th of 2025.  
4 So that's pretty consistent with what we've run in previous  
5 years and we didn't see any other associations submit for  
6 Standardbred dates in 2025, so, you know, hopefully --

7           EXECUTIVE DIRECTOR CHANEY: I like your chances.

8           MR. SCHICK: -- hopefully, it won't be that  
9 controversial. But we ask that you consider. We're opening  
10 our barn area this coming Monday for horses that will be  
11 coming in from Minnesota mostly, which ends Saturday night.  
12 So we're getting ready to gear up for our meet.

13           Thank you.

14           CHAIR FERRARO: I see there's two of you sitting  
15 together. Where's the third Musketeer?

16           EXECUTIVE DIRECTOR CHANEY: Should we ask if  
17 there's any public comment for the date allocation?

18           CHAIR FERRARO: Do we have any more public  
19 comment? No.

20           So the three of you, have you come to some sort of  
21 agreement?

22           EXECUTIVE DIRECTOR CHANEY: Does the Board want to  
23 do the allocation first and then --

24           CHAIR FERRARO: No.

25           EXECUTIVE DIRECTOR CHANEY: -- license or --

1 CHAIR FERRARO: No, I want to hear what they  
2 agreement is. That's what I want to hear.

3 MR. HOBAN: Thank you for your patience.

4 What I would request is this Board approve a  
5 conditional license and we will deliver you a race meet  
6 agreement. And that agreement will stipulate that the purse  
7 account, the purses will start to be reduced after \$400,000  
8 overpayment, not to exceed \$500,000 for the meet. So that's  
9 what will be in that race meet, as well as whatever the  
10 other numbers are.

11 Is that accurate?

12 MR. NADER: Yes. I think you need the opportunity  
13 tomorrow to go through the race meet application that we  
14 sent you yesterday, make sure you're comfortable with that.  
15 And then you're asking the TOC just to amend the section  
16 that speaks to the overpayment that specifically says you  
17 have the right to reduce purses if the overpayment reaches  
18 threshold of \$400,000 and not to exceed \$500,000.

19 CHAIR FERRARO: Sounds reasonable. Sounds  
20 reasonable.

21 If you're going to make the allocation contingent  
22 upon the agreement, we need a date by which --

23 EXECUTIVE DIRECTOR CHANEY: You mean the race meet  
24 license?

25 CHAIR FERRARO: No, the (indiscernible).

1 EXECUTIVE DIRECTOR CHANEY: Yeah. Yeah, I guess  
2 it would just depend on -- yeah. I mean, it would be nice  
3 to have a date by which it would be sent to staff.

4 CHAIR FERRARO: That's what I'm saying.

5 EXECUTIVE DIRECTOR CHANEY: The only hiccup, of  
6 course, would be if we don't get the agreement, what  
7 happens? Obviously, no license to do this.

8 MR. HOBAN: If you don't have an agreement --

9 EXECUTIVE DIRECTOR CHANEY: Yeah.

10 MR. HOBAN: -- you will have heard from me to  
11 agendize a special meeting.

12 COMMISSIONER ALFIERI: Which he's not going to  
13 want.

14 EXECUTIVE DIRECTOR CHANEY: No, no, no.

15 MR. HOBAN: I'm trying not to do that right now.

16 EXECUTIVE DIRECTOR CHANEY: No, it would be easier  
17 because I have seven members right here who could tell you  
18 when they're available and agendize that meeting. To me, if  
19 like you were both fairly confident, you would give the race  
20 meet license condition that we get a TOC agreement by X  
21 date. If we don't get it, we have a meeting set up in --

22 CHAIR FERRARO: Yeah, right, so let's --

23 EXECUTIVE DIRECTOR CHANEY: -- in October. It's  
24 the day before your meet starts, so it's going to be less  
25 than ideal, but that creates a high-wire act that,

1 hopefully, you guys can navigate.

2 MR. HOBAN: Well, why don't we say by the close of  
3 business on either tomorrow or Monday?

4 MR. SWARTZLANDER: Monday.

5 MR. HOBAN: Close of business Monday.

6 CHAIR FERRARO: Close of business Monday. The  
7 agreement has to be signed by close of business.

8 EXECUTIVE DIRECTOR CHANEY: Or what?

9 MR. HOBAN: Or we will --

10 EXECUTIVE DIRECTOR CHANEY: I mean, obviously, no  
11 license exists.

12 MR. HOBAN: Or we will agendize a special meeting.

13 COMMISSIONER ALFIERI: Right away.

14 MR. HOBAN: Immediately, when you're in Hawaii.

15 EXECUTIVE DIRECTOR CHANEY: Germany. Germany.

16 But it's not that. It's just, I'm going to -- so then the  
17 Board then want me to contact the Board members to figure  
18 out what day would work for you.

19 CHAIR FERRARO: Correct.

20 EXECUTIVE DIRECTOR CHANEY: And then would we have  
21 an October meeting as well?

22 CHAIR FERRARO: No. Make it the same.

23 EXECUTIVE DIRECTOR CHANEY: We would --

24 CHAIR FERRARO: Make it the kind of like --

25 EXECUTIVE DIRECTOR CHANEY: We would have the

1 hearing and the Board meeting on the same day? Okay.

2 CHAIR FERRARO: Yeah. Okay.

3 EXECUTIVE DIRECTOR CHANEY: I think I understand.

4 COMMISSIONER HUDNUT: Sounds good.

5 CHAIR FERRARO: Okay, so --

6 VICE CHAIR GONZALES: Do we need to vote on that,  
7 Scott?

8 CHAIR FERRARO: Yes, we do.

9 EXECUTIVE DIRECTOR CHANEY: Yeah. So what you  
10 would be doing is approving the race license conditioned  
11 upon receipt of a TOC agreement by close of business on  
12 Monday. If that doesn't happen, obviously no license exists  
13 and we're kind of back to square one.

14 COMMISSIONER HUDNUT: Right.

15 EXECUTIVE DIRECTOR CHANEY: And I have my marching  
16 orders should it not happen.

17 Can I plead with you to make it happen?

18 COMMISSIONER CASTEALLANOS: So, Scott, I make a  
19 motion.

20 VICE CHAIR GONZALES: And I'll second that.

21 COMMISSIONER HUDNUT: Here-here.

22 CHAIR FERRARO: Commissioner Hudnut?

23 COMMISSIONER HUDNUT: Yes.

24 CHAIR FERRARO: Commissioner Castellanos?

25 COMMISSIONER CASTEALLANOS: Yes.

1 CHAIR FERRARO: Commissioner Gonzales?

2 VICE CHAIR GONZALES: Yes.

3 CHAIR FERRARO: Commissioner Alfieri?

4 COMMISSIONER ALFIERI: Yes.

5 CHAIR FERRARO: Commissioner Davis?

6 COMMISSIONER DAVIS: Yes.

7 CHAIR FERRARO: Commissioner Carvelli?

8 COMMISSIONER CARVELLI: Thank you for the

9 (indiscernible). Yes.

10 CHAIR FERRARO: Good luck, gentlemen.

11 (Applause)

12 (Colloquy between Chair and Executive Director)

13 CHAIR FERRARO: So let's just get everybody's  
14 attention here.

15 I'm going to make a motion and it's probably going  
16 to fail but we need to do it. I move that we allocate the  
17 dates for the south but withhold the dates for the north  
18 until we see how it goes. Now, the motion is probably going  
19 to fail but the next one will pass.

20 So do I have a second for that motion? It could  
21 die on the --

22 COMMISSIONER CARVELLI: I can't hear you down  
23 here. I'm sorry.

24 CHAIR FERRARO: I move that we split the  
25 allocation, we allocate the dates for the south now but we

1 wait and allocate the dates for the north at a later time,  
2 when we know how the fall meet for the GSR does.

3 COMMISSIONER CARVELLI: (indiscernible) and we'd  
4 meet again?

5 CHAIR FERRARO: Yeah.

6 COMMISSIONER CARVELLI: I'll second that.

7 CHAIR FERRARO: Okay. Vote.

8 Commissioner Hudnut?

9 COMMISSIONER HUDNUT: No.

10 COMMISSIONER CASTEALLANOS: No.

11 VICE CHAIR GONZALES: No.

12 COMMISSIONER ALFIERI: No.

13 COMMISSIONER DAVIS: No.

14 CHAIR FERRARO: You and me, pal.

15 Okay, second motion is that the Board entertain a  
16 motion to allocate dates for the entire state of California  
17 at once. Would that mean now?

18 EXECUTIVE DIRECTOR CHANEY: That means right now.

19 CHAIR FERRARO: That means right now.

20 Do I have a second for that?

21 VICE CHAIR GONZALES: Mr. Chairman, I do propose a  
22 second, but there were two parties that came before us  
23 regarding a dark week in December. So there are either one  
24 of two things, that we either allow for --

25 CHAIR FERRARO: Oh, wait a minute. Wait a minute.

1 All I'm doing is asking if we're going to vote --

2 VICE CHAIR GONZALES: To act on it?

3 CHAIR FERRARO: -- to act on it.

4 VICE CHAIR GONZALES: To act on it?

5 CHAIR FERRARO: Yeah.

6 VICE CHAIR GONZALES: Okay, yes, to act on it,  
7 absolutely.

8 CHAIR FERRARO: (Indiscernible.)

9 VICE CHAIR GONZALES: And I'll second that. I'll  
10 second that, yes.

11 CHAIR FERRARO: Okay. Your turn is coming later.

12 So Hudnut?

13 COMMISSIONER CARVELLI: And I didn't hear that  
14 stuff. Are we back on item seven now?

15 EXECUTIVE DIRECTOR CHANEY: Yes.

16 COMMISSIONER HUDNUT: Yes. And we're just -- we  
17 just -- the motion is that we're going to allocate the dates  
18 for the entire state today.

19 COMMISSIONER CARVELLI: We're changing the dates  
20 from (indiscernible)?

21 EXECUTIVE DIRECTOR CHANEY: I think that's where  
22 he wants to do just do -- decide whether your going to do a  
23 whole package first, and then decide what that looks like.

24 CHAIR FERRARO: that was it.

25 VICE CHAIR GONZALES: Yeah. Yeah.

1 CHAIR FERRARO: Okay, so --

2 VICE CHAIR GONZALES: I'll second that.

3 CHAIR FERRARO: So Hudnut?

4 COMMISSIONER HUDNUT: Yes.

5 CHAIR FERRARO: Castellanos?

6 COMMISSIONER CASTEALLANOS: Yes.

7 CHAIR FERRARO: Gonzales --

8 VICE CHAIR GONZALES: Yes.

9 CHAIR FERRARO: -- obviously.

10 Alfieri?

11 COMMISSIONER ALFIERI: Well, can I ask a question?

12 CHAIR FERRARO: Yes. You can always ask a

13 question.

14 COMMISSIONER ALFIERI: I don't want to bundle

15 these dates in the south with that whole package. Are you

16 going to pull that out? Are we going to vote on that

17 separately?

18 COMMISSIONER HUDNUT: Yeah, we'll have to.

19 COMMISSIONER ALFIERI: The December dates?

20 EXECUTIVE DIRECTOR CHANEY: What's going to happen

21 is there are going to be two choices, because all the other

22 dates are understood; right? Santa Rosa has their three

23 weeks, Northern California GSR, has their first six months

24 of the year, Watch and Wager has --

25 COMMISSIONER ALFIERI: I'm talking about the dark

1 dates only in the south.

2 EXECUTIVE DIRECTOR CHANEY: Correct, so you'll  
3 have --

4 CHAIR FERRARO: Yeah, that's what we are talking  
5 about.

6 EXECUTIVE DIRECTOR CHANEY: Are you taking a week  
7 away from Santa Anita and giving it to Los Al or are you  
8 not? Those are going to be the two choices. The rest of  
9 the dates are not disputed.

10 COMMISSIONER ALFIERI: And we can't just separate  
11 that out? No?

12 CHAIR FERRARO: Yeah. Yeah, we can.

13 COMMISSIONER ALFIERI: Okay. So I vote yes on  
14 your motion --

15 CHAIR FERRARO: Okay.

16 COMMISSIONER ALFIERI: -- to allocate the state.

17 CHAIR FERRARO: Davis?

18 COMMISSIONER DAVIS: Yes.

19 COMMISSIONER CARVELLI: Yes. Can we separate it  
20 out?

21 CHAIR FERRARO: Yeah.

22 COMMISSIONER CARVELLI: Yes.

23 CHAIR FERRARO: Okay. So the motion is passed,  
24 seconded and passed, and we're going to allocate the dates  
25 today for the entire state.

1 VICE CHAIR GONZALES: Right.

2 CHAIR FERRARO: Also, we're going to talk about  
3 each one -- each issue separate. So where do you want to  
4 begin, in the north or the south?

5 EXECUTIVE DIRECTOR CHANEY: Well, there's no  
6 disputes.

7 CHAIR FERRARO: No.

8 EXECUTIVE DIRECTOR CHANEY: I mean, I think really  
9 the only thing you have to decide is that simulcast weave.

10 COMMISSIONER CARVELLI: So I have a question about  
11 that. This is the Santa Anita letter --

12 CHAIR FERRARO: Yes.

13 COMMISSIONER CARVELLI: -- the Los Al letter?

14 CHAIR FERRARO: Yes.

15 COMMISSIONER CARVELLI: Newbie, reconfirm that,  
16 newbie here.

17 Oh, by the way, for those of you who have no idea  
18 who I am, I'm a backstretch kid from Freehold, New Jersey.  
19 Freehold Raceway. Anybody know that? It's kind of a racing  
20 field. That's how I grew up, rubbing horses, and that's my  
21 background. That was my interest in this work. Actually, I  
22 just want to thank you for letting me say that.

23 But I don't -- somebody said, a woman, Rosemarie  
24 [sic], this is exhausting. It's also disappointing to see  
25 this dispute, north and south, stuff. It's like watching a

1 Civil War movie.

2 VICE CHAIR GONZALES: Yeah.

3 MS. BARCLAY: That's what I meant by it's  
4 exhausting.

5 COMMISSIONER CARVELLI: Yeah.

6 MS. BARCLAY: I couldn't agree more with this  
7 gentleman. We have to save the whole thing. We have to all  
8 work together. That's how it's going to work. We can't  
9 divide ourselves that way in the different (indiscernible).

10 COMMISSIONER CARVELLI: Yeah, this is the Abraham  
11 Lincoln House Divide. There are a lot of people making  
12 comments about this to me during my appointing process,  
13 folks, in case you're not aware of that. Horse racing in  
14 California is in jeopardy. And to see minutes come in,  
15 letters come in at the last meeting, negotiations happening  
16 here, being lectured by somebody about what our  
17 responsibilities are, wow.

18 So that's your -- that's my -- this newbie's new  
19 lens could be wrong. But if it means anything to you, if  
20 you don't come together, I don't want to be put in a  
21 position where I have to vote against north and south. And  
22 I'm not going to accept that with my votes.

23 So, thank you. I feel like I had to make that  
24 speech so you can know what you're dealing about. But I --

25 (Applause)

1           COMMISSIONER CARVELLI: And the idea of one track  
2 that sent in a last-minute letter and (indiscernible) with  
3 another track, okay, that's -- I guess that's fine, but I  
4 don't feel like I've -- again, another lecture in the  
5 (indiscernible) condition here to somehow decide that so  
6 it's fair. That's not fair.

7           Okay, Thank you. I'm done.

8           COMMISSIONER HUDNUT: Abraham Lincoln also said,  
9 "If we don't hang together we'll truly hang separately."

10          CHAIR FERRARO: That's what scares me.

11          Okay, so we're going to talk about the week, the  
12 dark week and what we're going to do.

13          COMMISSIONER HUDNUT: Mr. Chairman, I have a  
14 modest proposal for the dark week and for dark days in  
15 general. And it is, although I'm making a proposal that is  
16 not original to me, it comes from someone far smarter and  
17 more experienced than I, but it is this, that to end the  
18 hassling and arguing over who gets what, the money from dark  
19 days be allocated proportionally in Southern California  
20 among the three Southern California tracks, and proportional  
21 to the extent that it mirrors their relative handles at the  
22 end of the year.

23          So imagine on a 10 scale, Santa Anita might get  
24 4.5, Del Mar might get 3.5, and Los Al might get 2. It  
25 would be fair because it would be in accordance with their

1 actual handles and it would eliminate the bickering that  
2 goes on each time one entity seeks the dark days at perhaps  
3 the expense of another.

4 CHAIR FERRARO: You're talking about all dark  
5 days?

6 COMMISSIONER HUDNUT: Yeah.

7 CHAIR FERRARO: Okay.

8 VICE CHAIR GONZALES: Mr. Hudnut, would you be  
9 open, just because there needs to be some consideration of  
10 that, is to approve a 2025 calendar as is, but with the  
11 exception of taking those dark days and putting them aside  
12 and then -- because we probably don't need to act on that  
13 now? Otherwise, we're going to be forced into a position  
14 whether there's going to be a --

15 COMMISSIONER HUDNUT: Well, we can hold those in  
16 abeyance and address the question of dark days and the  
17 proposal I just made on a separate occasion. I'd be  
18 perfectly amenable to that.

19 VICE CHAIR GONZALES: Scott, how do you think that  
20 would work out if, for example, in, let's say, early  
21 January, we took up the dark days as Mr. Hudnut has  
22 outlined?

23 EXECUTIVE DIRECTOR CHANEY: Well, I mean, I think  
24 the tracks would tell you that it should be done, you know,  
25 straight away. Like why wait until 2025 to do it?

1 I do think, like, making that change today would  
2 be -- I mean, it just hasn't given anybody like advance  
3 warning.

4 COMMISSIONER HUDNUT: It doesn't give everybody a  
5 chance.

6 EXECUTIVE DIRECTOR CHANEY: You can allocate that  
7 week, I mean, currently that way. Currently we have three  
8 dark weeks. It would be, make no mistake, it would be a  
9 redistribution of income, right, from Del Mar and Santa  
10 Anita to LA, so it would get LA to where it wants to be,  
11 just in a different way. It's possible. You're asking me,  
12 like how you would do it?

13 VICE CHAIR GONZALES: I mean, the alternative  
14 would be we take on that December dark week and we could put  
15 that up for a vote and see where the Board's at. But I  
16 think that, you know, one, it's been a long day, and then,  
17 two, I think there will be, between sanity and Los Al, you  
18 know, one party that will be unhappy.

19 EXECUTIVE DIRECTOR CHANEY: Have you asked me my  
20 opinion?

21 COMMISSIONER HUDNUT: No. No.

22 EXECUTIVE DIRECTOR CHANEY: I'd be happy to give  
23 it, but I'm trying to withhold it.

24 COMMISSIONER HUDNUT: No one can be truly unhappy  
25 with proportional distribution.

1 COMMISSIONER CASTEALLANOS: But Tom, is that,  
2 that's all dark days, not just the ones that will be  
3 requested?

4 COMMISSIONER HUDNUT: Well, we begin with that.  
5 And as --

6 COMMISSIONER CASTEALLANOS: Begun with what --

7 COMMISSIONER HUDNUT: -- Commissioner --

8 COMMISSIONER CASTEALLANOS: -- what was requested?

9 COMMISSIONER HUDNUT: With what's requested. And  
10 then, as Commissioner Gonzalez has suggested, we would have  
11 a couple of months to discuss the broader ramifications of  
12 this, whether we would make it for all dark days or not.

13 VICE CHAIR GONZALES: Or just the one.

14 COMMISSIONER HUDNUT: And just a chance to discuss  
15 it more fully. This is the longest meeting we've had in the  
16 last three years, and I think there's general sentiment to  
17 kick this particular can down the road.

18 CHAIR FERRARO: So what's your (indiscernible)?

19 VICE CHAIR GONZALES: Well, my motion would be  
20 then, just to take what Mr. Hudnut said, would be to do  
21 precisely what he's advocated is we approve the 2025  
22 calendar, north and south, but in the south, these dark  
23 days, we take a closer look. And this would be an  
24 opportunity for the new --

25 CHAIR FERRARO: Put it on the next agenda?

1 VICE CHAIR GONZALES: Yeah, on the -- yeah.

2 CHAIR FERRARO: We'll put it on the October  
3 agenda.

4 VICE CHAIR GONZALES: Sure, or --

5 COMMISSIONER HUDNUT: No, please, not October.  
6 I'm not going to be here.

7 VICE CHAIR GONZALES: Yeah, so maybe we do that  
8 whenever, November or something.

9 CHAIR FERRARO: Whenever. Okay.

10 VICE CHAIR GONZALES: At a future date.

11 COMMISSIONER HUDNUT: Okay.

12 CHAIR FERRARO: Okay, at a future date. Does  
13 everybody understand that?

14 COMMISSIONER CARVELLI: So, I mean, are we going  
15 to negotiate this here again at the next meeting --

16 COMMISSIONER HUDNUT: No.

17 CHAIR FERRARO: No.

18 COMMISSIONER CARVELLI: -- or are they going to  
19 figure something out?

20 CHAIR FERRARO: Okay, so make your motion.

21 COMMISSIONER HUDNUT: My motion is to approve the  
22 calendar for 25 dates with the exception of the dark week,  
23 which will be discussed at a later meeting.

24 EXECUTIVE DIRECTOR CHANEY: The dark week or --

25 VICE CHAIR GONZALES: Weeks.

1 EXECUTIVE DIRECTOR CHANEY: -- all three dark  
2 weeks?

3 VICE CHAIR GONZALES: I think he meant the dark weeks.

4 COMMISSIONER HUDNUT: The dark weeks.

5 VICE CHAIR GONZALES: Yeah.

6 COMMISSIONER HUDNUT: Plural.

7 CHAIR FERRARO: Okay. And you?

8 VICE CHAIR GONZALES: I'll second that.

9 CHAIR FERRARO: Okay. You hear that down there?

10 COMMISSIONER CARVELLI: I heard it this time.

11 CHAIR FERRARO: Okay. And your vote?

12 COMMISSIONER CARVELLI: Yes.

13 CHAIR FERRARO: Davis?

14 COMMISSIONER DAVIS: Yes.

15 CHAIR FERRARO: Alfieri?

16 COMMISSIONER ALFIERI: No.

17 CHAIR FERRARO: No?

18 COMMISSIONER ALFIERI: No.

19 VICE CHAIR GONZALES: Yes. Yes.

20 COMMISSIONER CASTEALLANOS: Yes.

21 COMMISSIONER HUDNUT: Yes.

22 CHAIR FERRARO: And I vote no. The motion passes.

23 Okay, now we have to talk about a motion to  
24 allocate. Oh, well, we did.

25 COMMISSIONER HUDNUT: Yeah, we did.

1 CHAIR FERRARO: -- for Northern California. So  
2 what's the issue?

3 COMMISSIONER HUDNUT: We're up to Executive  
4 Director's Report.

5 CHAIR FERRARO: Northern?

6 EXECUTIVE DIRECTOR CHANEY: Yeah, allocation.

7 COMMISSIONER HUDNUT: We're rolling right along,  
8 Greg.

9 CHAIR FERRARO: So do we make amotion for the  
10 dates of California? What do we do?

11 EXECUTIVE DIRECTOR CHANEY: You just did.

12 COMMISSIONER ALFIERI: You just did. You already  
13 did that.

14 CHAIR FERRARO: Oh, so we accepted everything?

15 EXECUTIVE DIRECTOR CHANEY: Yeah, except for the s  
16 Southern California weeks.

17 CHAIR FERRARO: I thought we were only talking  
18 about Southern California?

19 EXECUTIVE DIRECTOR CHANEY: No.

20 CHAIR FERRARO: Okay, so it's time for the  
21 Executive Director's Report. We've been waiting a long  
22 time.

23 EXECUTIVE DIRECTOR CHANEY: Yeah, sure. I wish I  
24 could say it was going to be brief. Thank you, Mr.  
25 Chairman. Good afternoon, Commissioners.

1 I will begin with the handle report. For the  
2 month of August, day racing was up nine percent, night  
3 racing was up eight percent, and total handle was up nine  
4 percent as compared to August 2023. Year to date, day  
5 racing is down four percent, night racing is down two  
6 percent, and total handle is down four percent compared to  
7 the first eight months of 2023.

8 As the Board may remember, we agendized the  
9 discussion of CAW wagering in California at the June Board  
10 meeting. During the Board meeting we had a robust  
11 discussion of the topic. So much so that the Board invited  
12 further questions to be submitted to staff. We received  
13 well over 50 questions from the public, media, CHRB staff,  
14 and the Board itself.

15 After paring down the repeated questions, as well  
16 as deleting the statements rather than questions, Scott  
17 Daruty of 1/ST Racing, with an assist from Bill Nader TOC,  
18 answered the questions and submitted those answers to the  
19 Board. A link was sent to the Board to the folks that asked  
20 questions and the document is now posted on our website  
21 under the Media Tab, Reports subtab.

22 I appreciate Scott and Bill's time during the  
23 meeting and time and graciousness in answering all the  
24 questions. It was quite a task.

25 Recently, a hot topic in racing in the traditional

1 media, social media, and horse racing-related conferences  
2 surrounds transparency and stewarding. This has been fueled  
3 by efforts in other sports to be transparent, as well as  
4 controversial stewards decisions around the country.

5 NYRA recently created a weekly simulcast segment  
6 where a steward discusses the more difficult decisions.  
7 While it bothers me a little bit that New York arrived at  
8 the transparency party earlier than California, I applaud  
9 their efforts and want to relay that CHRB stewards and  
10 stakeholders are working on creating something similar in  
11 California and I fully expect that to be in place before the  
12 Board meeting next month.

13 My view is that we have excellent stewards in  
14 California. And a fuller explanation of decisions would go  
15 a long way in both educating the wagering public and  
16 injecting additional transparency in the process.

17 Next, and one administrative note for stakeholders  
18 and the public, Commissioner Carvelli, I thank him for  
19 referring to it earlier. This Board has endeavored over the  
20 last few years to require complete race meet license for and  
21 agenda items. On our website, there is a clear schedule  
22 with deadlines regarding submitting requests for agenda  
23 items, for submitting documents pertinent to those agenda  
24 items. And should you wish to submit additional items past  
25 the deadline, the appropriate way is to come to the Board

1 meeting and present your comments and documents during the  
2 item itself.

3           It is unfair to staff and the Board to ask them to  
4 review new documents at the last minute. And the public is  
5 legally entitled to any information the Board considers with  
6 respect to an agenda item.

7           Lastly, I'd like to announce today, as many of you  
8 might know, Chief Counsel Rob Brodrik's last day is today  
9 with the CHRB.

10           COMMISSIONER CASTEALLANOS: What?

11           EXECUTIVE DIRECTOR CHANEY: And that staff,  
12 Counsel Amanda Brown, has been hired to succeed him in that  
13 position. Congratulations, Amanda.

14           (Applause)

15           COMMISSIONER HUDNUT: The king is dead. Long live  
16 the queen.

17           EXECUTIVE DIRECTOR CHANEY: We're currently  
18 accepting applications for the staff counsel position  
19 vacated by Amanda.

20           Rob has worked for the CHRB for the past six years  
21 and now has a new exciting professional opportunity. Just  
22 don't get in trouble in Nevada County. You might be before  
23 him. We wish him well in his new position. I'd like to  
24 thank Rob for his tireless work, his dedication to the  
25 department, and most importantly, good humor.

1           Personally, I'd like to note that not only has he  
2 provided sage legal advice over the last four and a half  
3 years to me, but his counsel has been invaluable as well.  
4 Rob is a good lawyer, but more importantly an excellent  
5 human. Thank you, Rob.

6           COMMISSIONER HUDNUT: Here-here.

7           CHAIR FERRARO: Here-here.

8           (Applause)

9           EXECUTIVE DIRECTOR CHANEY: That's my report.

10          CHAIR FERRARO: Does the Board have any questions  
11 for Scott?

12          We'll move on to Dr. Blea --

13          VICE CHAIR GONZALES: You know, Mr. Chairman --

14          CHAIR FERRARO: -- or we'll hear public comment?

15          VICE CHAIR GONZALES: -- I just want to say thank  
16 you to Scott Chaney on an item that he didn't include in his  
17 report.

18          We did an agenda item a couple of meetings ago  
19 related to computer assisted wagering. Thanks to him and  
20 staff, they compiled the questions that this Board, members  
21 of the media and public came together, that's posted online.  
22 I know a lot of work went into that. Appreciate the TOC and  
23 1/ST Racing for responding.

24          But, Scott, I want to say thank you. It took a  
25 lot of work.

1 CHAIR FERRARO: May I'm ask the audience, please,  
2 to be quiet. The meeting is not over with, so I'd  
3 appreciate this room being quiet.

4 EXECUTIVE DIRECTOR CHANEY: Hey, folks, if you  
5 want to talk back there, step outside, please.

6 CHAIR FERRARO: Dr. Blea.

7 DR. BLEA: Good afternoon, Chairman Ferraro,  
8 Commissioners, Executive Director Scott Chaney.

9 The Davis-Thompson Foundation Racehorse Necropsy  
10 Workshop was recently held September 12th through 14th at  
11 the California Animal Health & Food Safety Laboratory in San  
12 Bernardino, California. The Foundation, created in 1973,  
13 has been dedicated to furthering the international  
14 advancement of veterinary and comparative pathology. The  
15 event was hosted by the team of CAHFS, with Dr. Paco Uzal as  
16 the moderator and primary interviewer.

17 This is a racehorse necropsy workshop with  
18 lectures, interactive discussions, and hands-on wet labs for  
19 the pathologists. Participants in the workshop,  
20 representing both domestic and foreign countries, as well as  
21 foreign racing venues, learned about the intricate details  
22 of racehorse anatomy, pathology, and the factors that affect  
23 racehorse performance and health. We had countries  
24 represented such as Japan, Ireland, and Europe. This event  
25 indeed showcased the robustness and quality of the CHRB

1 necropsy program through CAHFS.

2           Regarding fatalities, in August in California  
3 there were six musculoskeletal fatalities, four of which  
4 were fetlocks, one shoulder, and one tarsus, or a hock.  
5 Three of these fatalities occurred in racing, one occurred  
6 in training, and two other were related to other conditions.

7           In all CHRB testing in the month of August, the  
8 Maddy Lab tested 265 primary blood and urine samples,  
9 including five work bloods, with one Class 3 finding for  
10 clenbuterol and one Class 4 finding for phenylbutazone.  
11 Additionally, 170 out-of-competition samples were tested for  
12 EPO and anabolic steroids.

13           Regarding a comment made earlier in this meeting  
14 about an aged horse that was euthanized at Ferndale, there  
15 was quite a bit of discussion after that occurred. That was  
16 a 12-year-old. Del Mar and 1/ST Racing both have an  
17 eligibility age in their condition book. No horse over  
18 ten -- no winner over ten is eligible to race at those  
19 racetracks. I've spoken with Los Alamitos. They are also  
20 going to abide by that policy in house.

21           Mr. Chaney reached out to all of them. Los  
22 Alamitos has informed me, they will abide to that winners  
23 over ten years old are ineligible. Additionally, after a  
24 search, there are no horses over ten years old currently  
25 training in Los Alamitos. But they will get in line with

1 that policy, so I'm glad to see that.

2           Regarding that fatality at Ferndale, I will say  
3 that horse had a seven-year layoff. It was his third start  
4 following a seven-year layoff. That horse passed all of his  
5 physical exams, not only panel exams but pre-race. In  
6 addition, any horse that is nine years older becomes an  
7 automatic hard watch on the panel, so it gets extra  
8 scrutiny, and that horse did receive extra scrutiny just by  
9 having been euthanized.

10           This concludes my report and I'm happy to answer  
11 any question.

12           CHAIR FERRARO: Can we get an agreement out of  
13 CARF members that -- on the ten year --

14           DR. BLEA: I spoke --

15           CHAIR FERRARO: -- ten-year-old?

16           DR. BLEA: -- I spoke to Larry about this earlier  
17 and they are in agreement about an eligibility age of ten  
18 years old, no older than ten years old.

19           Larry, could you confirm that? And he just did.

20           CHAIR FERRARO: Okay.

21           COMMISSIONER HUDNUT: I have a comment rather than  
22 a question. I noticed in a fatality report a week or two  
23 ago from, I believe, Los Alamitos, that there was a horse  
24 that was scheduled to race that was sent back to the barn  
25 based on the vet's examination, and the horse subsequently

1 died. And I think the vet did a wonderful job of spotting  
2 whatever the difficulty was of not letting the horse race.  
3 I believe that the vet's name was Dr. Sapp (phonetic),  
4 something like that.

5 And anyway, I would commend that because the horse  
6 is going to die imminently. Better to do it in its stall or  
7 on the way back to the stall than in a race.

8 DR. BLEA: I appreciate your comment, Commissioner  
9 Hudnut. I will say, that was from a morning workout.

10 COMMISSIONER HUDNUT: A workout, excuse me.

11 DR. BLEA: So that basically justifies the  
12 monitoring program that CHRB has put in place.

13 COMMISSIONER HUDNUT: Absolutely.

14 DR. BLEA: And that horse was identified for  
15 lameness and was sent back to the barn, suffered an  
16 accident, and that's being looked at.

17 But it speaks volumes to not only the value of the  
18 on-track monitoring in the morning. I spoke to the  
19 monitoring vet, Del Mar, and in his opinion, that's the most  
20 significant thing we can do as far as safety because they  
21 see these horses morning after morning, and they seem  
22 differently with a rider on versus in the shed or on a  
23 chain. So a lot of credit to Dr. Sapp and to Los Alamitos  
24 for that, but I think it's a good example of the effect of  
25 the monitoring.

1 COMMISSIONER HUDNUT: Yeah.

2 CHAIR FERRARO: Any other questions from the  
3 Board?

4 Do we have public comment on this? No?

5 Thank you, Jeff.

6 DR. BLEA: Thank you, folks.

7 CHAIR FERRARO: And now this is the public comment  
8 period. Is there any? Do we have anybody that wants to  
9 talk?

10 EXECUTIVE DIRECTOR CHANEY: You've outlasted them.

11 CHAIR FERRARO: How about that, we outlasted them.

12 (Colloquy between Commissioners)

13 CHAIR FERRARO: Do we have a closed session? We  
14 do have closed session though, so we're going to ask  
15 everybody to vacate the room so we can do our closed  
16 session, and then we'll reopen to adjourn.

17 (The California Horse Racing Board convened closed session  
18 at 1:38 p.m. and was later adjourned at 1:45 p.m.)

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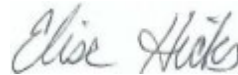
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I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under 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 1st day of October, 2024.



ELISE HICKS, IAPRT CERT\*\*2176

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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

October 1, 2024