

APPEARANCES

COMMISSIONERS

Keith Brackpool, Chairperson

David Israel, Vice Chairperson

Bo Derek

John C. Harris

Jerry Moss

Richard Rosenberg

STAFF

Kirk Breed, Executive Director

Richard Bon Smith, Assistant Executive Director

Robert Miller, Staff Counsel

Jacqueline Wagner, Regulations/Legislation Manager

Mike Marten

ALSO PRESENT

John Bucalo

Jack Liebau

Richard Castro

Daniel Howry

Barry Broad

Brad McKenzie

Debbie Cook

Carlo Fisco

William Anton

Guy Lamothe

APPEARANCES CONTINUED

ALSO PRESENT

Dave Elliott

Norb Bartosik

Tawny Tesconi

Richard Lewis

Tom Doutrich

Craig Fravel

Terry McWilliams

David Rosenfeld

Dennis Mills

Ed Hannah

Don Cameron

Rocco Liscio

Richard Scheidt

Dr. Rick Arthur

Sherwood Chillingworth

Dr. Gregory Ferraro

Cliff Goodrich

Alan Balch

Marsha Naify

Bob Fox

Chris Belluomini

Robert Hartman

George Haines

APPEARANCES CONTINUED

ALSO PRESENT

Joe Coto, Assemblyman

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1 as well as during the public comment period.

2 There's a public comment sign-in sheet for each
3 agenda item on which the Board invites comments.

4 Also, there's a sign-in sheet for those wishing to
5 speak during the public comment period for matters not on
6 the Board's agenda, if it concerns horse racing in
7 California.

8 Please print your name legibly on the public
9 comment sign-in sheet. When a matter is open for public
10 comment, your name will be called.

11 Please come to the podium and introduce yourself
12 by stating your name and organization clearly. This is
13 necessary for the court reporter to have a clear record of
14 all who speak.

15 When your three minutes are up, the Chairman will
16 ask you to return to your seat so others can be heard.

17 When all the names have been called, the Chairman
18 will ask if there is anyone else who would like to speak on
19 a matter before the Board.

20 Also, the Board may ask questions of individuals
21 who speak.

22 If the speaker repeats himself or herself, the
23 Chairman will ask if the speaker has any new comments to
24 make. If there are none, those people will be asked to let
25 others make comments to the Board.

1 Chairman Brackpool.

2 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

3 Good morning, everybody.

4 Firstly, thank you to Golden Gate for this
5 wonderful spread they have around the back. But just to
6 echo what Executive Director Breed was saying, this room
7 does get noisy.

8 So, if you're over there grazing, do it very, very
9 quietly and do that.

10 I gather from staff that Item Number 1 is put over
11 until the next meeting because John was unable to make the
12 meeting today.

13 So, we'll move right on to Item Number 2, which is
14 approval of the minutes of the April 15th meeting.

15 COMMISSION VICE CHAIRPERSON ISRAEL: So moved.

16 COMMISSION CHAIRPERSON BRACKPOOL: Do I have any
17 comments from Commissioners?

18 Okay, the motion moved by Vice Chair Israel and
19 seconded by?

20 COMMISSIONER MOSS: Second.

21 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner
22 Moss.

23 Public comment. I have one request to speak in
24 the public comment period, John Bucalo, from Barona.

25 MR. BUCALO: I do. Good morning, Chairman, Vice

1 Chairman, Members of the Board. John Bucalo, from Barona
2 Casino.

3 COMMISSION CHAIRPERSON BRACKPOOL: I think you
4 have to speak into a different microphone, perhaps.

5 MR. BUCALO: John Bucalo, from Barona Casino Off
6 Track Betting.

7 At the last meeting, on April 15th, I had asked
8 the Board and previously wrote a letter requesting satellite
9 facilities be able to conduct full-card wagering. And it
10 would increase our revenue, our guests would like to have
11 it. The cost of offering full-card wagering would be
12 minimal, if any at all.

13 The reason is we currently have early bird
14 wagering, which brings our guests in, in the mornings, and
15 we do not have any clerks. All that they bet with is using
16 the self-service betting machines, which take money, and
17 also vouchers, and winning tickets.

18 So, it would not cost any more for operating
19 expenses, as the tracks mentioned.

20 In addition, we need -- the satellites are all
21 struggling, we need to find new ways and innovation to try
22 to make some money and make ourselves financially strong,
23 and this would help.

24 Although it would not bring a lot of money in,
25 every little bit helps. And at the conclusion of the year

1 it adds up to a lot.

2 And I know that it was opposed last time by
3 Hollywood Park and Santa Anita, and I do want to address
4 this with the Board, that both of those tracks have their
5 own ADWs where they can bet with -- through the computer and
6 over the telephone. And on their own ADWs, in California,
7 they are able to bet full cards. In other words, at -- at
8 Belmont or Aqueduct, we only take races, usually, from 8:00
9 to 9:00.

10 And then can bet in California, using an ADW, the
11 first race, and we cannot. And I think this should be on a
12 level playing field. ADWs are making a higher percentage,
13 they're offering rebates to their players.

14 The satellite facilities cannot, they're making
15 2.33 percent as a commission. That makes every thousand
16 dollars bet the facility makes \$23. It's very difficult for
17 operating expenses for satellite facilities.

18 And we all know what's going on in New York right
19 now. And for us that promote racing, very hard. We try to
20 put out the best racing we can and the best facility.

21 Playing -- I don't know if you've been to Barona
22 or not, but we try very hard. They've allowed me to spend a
23 lot of money in televisions and other things that make the
24 guests more comfortable when they come.

25 So, I hope that you would consider allowing us to

1 have full card wagering.

2 I asked last time, at the meeting I mentioned that
3 the satellite should have a survey, and the tracks as well,
4 and you mentioned to me how about us having one.

5 I took a survey and in three days this is what I
6 got, 258 people signed a survey, and out of the 258, 255 of
7 them wanted full card simulcasting and only five of them did
8 not. And one of them, I don't think, spoke English. I
9 don't think he knew what --

10 COMMISSION CHAIRPERSON BRACKPOOL: So the five
11 didn't get a meal voucher?

12 MR. BUCALO: No, they --

13 (Laughter.)

14 MR. BUCALO: But we didn't do that to him,
15 fortunately.

16 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

17 MR. BUCALO: But it would be very helpful to us
18 and I'd like to --

19 COMMISSION CHAIRPERSON BRACKPOOL: Thank you,
20 John.

21 MR. BUCALO: -- petition this Board.

22 COMMISSION CHAIRPERSON BRACKPOOL: You can. On a
23 serious note, I happen to note that staff have prepared a
24 response to the letter that you sent. And the reason I know
25 that is it's sitting on my desk for approval and I didn't

1 get to it in the last two days. So, you will be getting a
2 response to the letter you sent.

3 MR. BUCALO: Okay, wonderful, thank you so much.

4 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

5 COMMISSIONER HARRIS: And I like the concept. I'm
6 not sure if it requires a legislative change or what.

7 COMMISSION CHAIRPERSON BRACKPOOL: It's a
8 legislative.

9 COMMISSION VICE CHAIRPERSON ISRAEL: It's a
10 legislative change.

11 COMMISSIONER HARRIS: Thanks.

12 MR. LIEBAU: Mr. Chairman?

13 COMMISSION CHAIRPERSON BRACKPOOL: If you would
14 give that to Jackie, she'll do that.

15 MR. LIEBAU: My name is Jack Liebau, I'm President
16 of Hollywood Park. I'd just like to correct, for the
17 record, Hollywood Park does not have a financial interest in
18 any ADW provider.

19 COMMISSION CHAIRPERSON BRACKPOOL: Right. Thank
20 you.

21 MR. LIEBAU: Okay.

22 COMMISSION CHAIRPERSON BRACKPOOL: Richard Castro
23 is the next speaker.

24 MR. CASTRO: Richard Castro, representing Pari-
25 mutuel Employees Guild, Local 280.

1 I thought two months ago there was going to be an
2 agenda item on what the future business plan is that you
3 were looking for, to keep racing going after July 1st.

4 Can you give me an update as to what the
5 acceptable business plan is? Is there a plan?

6 COMMISSION CHAIRPERSON BRACKPOOL: The item that
7 you refer to was the Scotwinc/Notwinc business plan that we
8 had said had to be back here before the end of June. And as
9 far as I understand, that is set for the June Board meeting.

10 EXECUTIVE DIRECTOR BREED: The end of May.

11 MR. LIEBAU: All right, thank you.

12 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

13 All right, no other public comment we will move
14 on, we've got a lot of other things to get through before
15 the noise of live racing gets to us, do that.

16 Just before we start, I'd like to say on a
17 personal note, and I believe the other Commissioners here,
18 as well, how sad we were to see the resignation of Ron
19 Charles. Ron has been a great ambassador to this game.

20 Both as a fan, a horseman, a Commissioner, and
21 most recently as Chair, I've had very good, straight forward
22 dealings with Ron.

23 And I think, on behalf of the Board, we wish him
24 well for the future.

25 The next item is Number 4, a report from the

1 Medication and Track Safety Committee, which met yesterday,
2 under the Chair of that Committee, Commissioner Derek.

3 COMMISSIONER DEREK: Thank you. Yes, yesterday we
4 had a meeting, mainly discussion. It was very well
5 attended. Thank you all for coming and giving us your
6 input.

7 The first item on the agenda was a report and
8 discussion regarding Racing, Medication and Testing
9 Consortium, the RMTTC, April 12th meeting, including
10 laboratory accreditation, withdrawal time, research and
11 proposed changes to non-steroidal anti-inflammatory drug and
12 SAID levels.

13 And there was discussion about changing the
14 regulation for race day from five micrograms to two
15 micrograms. We had a lot of input on that and we'll be
16 discussing it further.

17 There was an update by Executive Director Kirk
18 Breed on track safety standards programs. And without going
19 into too much detail, we have the most amazing, advanced
20 weather, track conditions updated every 15 minutes on the
21 CHRB website for trainers, anyone interested. And bettors,
22 evidently, are very interested in these details as well.

23 We also had a report and discussion from
24 University of California, at Davis, on the necropsy program,
25 which is going very well and we're learning very much. And

1 the update of the equine injury database.

2 We had a discussion and update on the CHRB drug
3 testing programs and it's proving to be very successful.

4 Number five was action regarding proposed
5 amendment to CHRB Rule 1844, Authorized Medication, to
6 modify levels permitted for procaine subsequent to procain
7 penicillin administration.

8 And this is one issue that we'd like to move to
9 the Board.

10 Number six was discussion regarding the
11 transparency and transferability of the veterinary medical
12 records. This was -- got a lot of discussion and, as far as
13 I could tell, it seemed very good for the horse, but
14 veterinarians and trainers were not very fond of the idea,
15 so, we'll continue this discussion.

16 Number seven was the proposed amendment to CHRB
17 Rule 1846.5, Postmortem Examination, to require training and
18 veterinary medical records on all horses dying within a CHRB
19 enclosure.

20 And this would require 90 days of medical records
21 for any horse dying within the enclosure, and this will help
22 us with our necropsy program.

23 And we would like to move this to the Board, as
24 well.

25 COMMISSION CHAIRPERSON BRACKPOOL: Okay. So,

1 which items do we want to move to the next Board agenda? It
2 was items three --

3 COMMISSIONER DEREK: Items 5 and 7.

4 COMMISSION CHAIRPERSON BRACKPOOL: Five and seven.

5 Okay, so staff will take note that five and seven, we'll
6 prepare the necessary background information and prepare
7 those for the meeting.

8 Thank you, again, the meeting was well attended, a
9 spirited discussion. And Commissioner Harris won a race in
10 between the first and the second item.

11 COMMISSION VICE CHAIRPERSON ISRAEL: That's
12 perfect. Well, that's the way it should be.

13 COMMISSIONER DEREK: That's right. And I would
14 also like to encourage everyone to contact to me, the Board,
15 and Commissioner Harris with any thoughts and suggestions
16 regarding medication and safety.

17 COMMISSIONER HARRIS: Well, one thing we
18 discussed, too, is that there could be a voluntary effort.
19 I mean, I think we need to keep moving forward with the
20 regulations, but there needs to be more of a voluntary
21 spirit on the sharing of the vet records and the sharing of
22 any issues that might impact the necropsy.

23 And I think that -- I don't think it's been that
24 owners or trainers, on the necropsy, are purposely avoiding
25 that, but I think they need to be more proactive in

1 providing that.

2 COMMISSION CHAIRPERSON BRACKPOOL: Okay. Before I
3 move on, Director Breed tells me he believes there was a
4 card to speak on this issue, although I do not have a card.

5 EXECUTIVE DIRECTOR BREED: No.

6 COMMISSION CHAIRPERSON BRACKPOOL: No. You were
7 wrong?

8 EXECUTIVE DIRECTOR BREED: I was wrong.

9 COMMISSION CHAIRPERSON BRACKPOOL: Okay. For the
10 record, Kirk was wrong.

11 (Laughter.)

12 EXECUTIVE DIRECTOR BREED: I was suckered in,
13 again.

14 COMMISSIONER HARRIS: By who?

15 COMMISSION CHAIRPERSON BRACKPOOL: Yeah, they got
16 him on that one. Well done.

17 All right. Item Number 5, Jackie, this is the
18 safety helmet issue that we held over from the last meeting.

19 So, let's read through the title, but that's about it
20 because everything else is self-evident and I think we were
21 just waiting until we had the Teamsters position clarified,
22 a couple of other people that sent in comment letters.

23 REGULATIONS/LEGISLATION MANAGER WAGNER: Jackie
24 Wagner, CHRB staff.

25 Item Number 5 is the public hearing and action by

1 the Board regarding the proposed amendment to CHRB Rule
2 1689, Safety Helmets Required, to establish and/or revise
3 standards for safety helmets worn by any person mounted on a
4 horse on the racetrack, mounted in or riding on a sulky, or
5 working as a member of the gate crew.

6 This concludes the 15-day public notice period and
7 the Board may adopt the proposal as presented.

8 As the Chairman mentioned, this is a continuation
9 from the hearing that was held last month, at the Board's
10 last month's meeting.

11 The proposed amendment would require any person
12 working as the gate crew to wear a helmet, in addition to
13 establishing safety standards for our helmets.

14 The amendment also would require that any person
15 working as a member of the gate crew would have to wear a
16 safety helmet.

17 At last month's hearing we heard opposition from
18 the gate crew members to this proposal and the item was put
19 over for further discussion in order to allow our Chairman
20 of the Medication Committee to be in attendance before the
21 Board took action on the item.

22 COMMISSION CHAIRPERSON BRACKPOOL: Before I ask
23 any of the Commissioners to speak, we have one speaker on
24 this issue, Daniel Howry, assistant starter.

25 MR. HOWRY: Yes, my name is Dan Howry, assistant

1 starter, here at Golden Gate Fields.

2 I've been asked to address the issue of assistant
3 starters wearing helmets by the Assistant Starters of
4 Northern California.

5 As of now, speaking with the assistant starters,
6 they all are against the idea for the mandatory helmets for
7 assistant starters.

8 I know Mike Sherlock has talked to you at the
9 meeting down in Southern California, concerning the specific
10 reasons why we do not really want to wear the helmets.

11 I think one of the reasons being the injuries that
12 assistant starters actually do receive to the head. The
13 helmet would, more so than not, just protect the top of the
14 head and the majority of our injuries either come to the
15 frontal part, the face, or the side, the cheekbone and down.

16 And so we really don't believe that the helmet
17 would prevent the injuries that we actually receive.

18 There's also a possibility with the rim of the
19 helmet possibly getting hooked or hung up on specific type
20 of bits that the horses would be -- that the horses have on,
21 such as the prong bit or a extension.

22 We're also interested in finding out, if it's
23 actually been looked into, the type of injuries that
24 assistant starters do receive in the past on the -- to their
25 head injury or head area.

1 As I said, we're kind of to the belief that it's
2 generally to the frontal part or to the sides and the
3 helmets actually wouldn't prevent those injuries.

4 And then, finally, I guess what we're -- just in
5 case you do decide to go through the helmet requirement for
6 assistant starters, we just wish that we would be consulted
7 on the particular helmet that you're going to come up with,
8 that we're going to have to be required to use, just so we
9 can look to see if there's any safety issues that could
10 actually become more hazardous with the helmet.

11 Thank you.

12 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

13 Commissioner Derek?

14 COMMISSIONER DEREK: I'm sorry I wasn't at the
15 meeting last month, I couldn't make it, so I haven't been
16 able to speak to the Board about this and I don't know
17 whether we should be waiting and meeting again, or whether
18 we should vote on this.

19 To me, it seems obvious that an assistant starter
20 should wear a helmet, but I understand and I understand your
21 concerns.

22 The visual, that it might impede your visual and
23 your peripheral vision, I don't see that as a problem,
24 having worn a helmet for the past year, myself, just to see
25 what it was like.

1 I think it makes sense to wear helmets.

2 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner
3 Israel?

4 COMMISSION VICE CHAIRPERSON ISRAEL: I support,
5 I'm an advocate of instituting the helmet rule. My
6 experience is that any time somebody's tried to implement
7 some sort of safety, helmet situation in sports or even on
8 the road there's always been pushback because it's not what
9 people are used to, but at the end of the day it improves
10 safety.

11 And then I would ask the question, what if someone
12 is injured, suffers a severe head injury, who works on the
13 starting gate, whose financial responsibility is it to care
14 for that person moving forward if no helmet is worn?

15 Are the assistant starters willing to take that
16 responsibility and waive the liability of the racetracks,
17 the trainers, the owners? You know, I'd want to know what
18 the liability issues are as it relates to this.

19 COMMISSION CHAIRPERSON BRACKPOOL: Well, I
20 think -- Commissioner Harris.

21 COMMISSION VICE CHAIRPERSON ISRAEL: Can he answer
22 the question?

23 COMMISSIONER HARRIS: Well, to David's point and
24 to Bo's point, I'm somewhat of a libertarian on this issue,
25 really, and I don't know if government needs to dictate who

1 wears helmets. And, conceivably, we could wear helmets here
2 today because this is an earthquake area, the roof could
3 cave in and it might be slightly safer if we all had helmets
4 on.

5 In the starting gate issue, I tend to agree with
6 the crew that, clearly, if their employer is the track,
7 Golden Gate Fields or Hollywood Park, they are the deep
8 pocket on the workman's comp, you know.

9 So, if their employer wants them to wear helmets
10 or whatever safety equipment their employer feels is
11 appropriate, or if Cal-OSHA feels it's appropriate, then
12 they should wear it and that would be paid for by their
13 employer.

14 But to just impose it on someone without data that
15 can conclusively say there have been some degree of -- the
16 motorcycle issue there was clearly there were motorcycle
17 riders that would have been better off if they had helmets.

18 But I don't think we've found that, maybe it's out
19 there somewhere, but before we mandate things we've got to
20 see clear evidence that whatever we're mandating has a
21 beneficial result.

22 COMMISSION CHAIRPERSON BRACKPOOL: I apologize,
23 Commissioner Israel asked you a question.

24 COMMISSION VICE CHAIRPERSON ISRAEL: It's a
25 question of liability. Should we not impose the rule and

1 should an assistant starter suffer, you know, an injury,
2 which would be an egregious, horrible situation, are you
3 willing to waive liability?

4 MR. HOWRY: Well, as far as liability, I don't
5 think we'd have to waive liability. If it's an occupational
6 injury, I really couldn't answer that.

7 COMMISSION VICE CHAIRPERSON ISRAEL: But then
8 isn't it incumbent on the regulators to try to avoid those
9 injuries? Because at the end of the day the State and the
10 employer bear the burden, the financial burden, and the
11 psychological burden, nobody wants to see anybody get hurt.

12 Look, in hockey there was a movement that took a
13 long time to require that players wear helmets, there was a
14 great deal of pushback against it. They grandfathered in
15 the players that weren't wearing them and they could play
16 the rest of their careers without them, if they didn't want
17 to.

18 But they've started wearing them, now, a hundred
19 percent of hockey players wear helmets and head injuries are
20 down dramatically.

21 And when football, going back a million years,
22 instituted facemasks, a lot of players didn't want to wear
23 them, they said, well, it's going to screw our vision was
24 actually the big argument.

25 Well, they, in due course, everybody started

1 wearing them and their vision's fine and facial injuries are
2 down significantly.

3 In auto racing, nobody wanted to wear the HANS
4 device and then Dale Earnhardt, who was one of the people
5 who didn't want to wear it, got killed and now everybody
6 wears it in NASCAR racing, and fatal injuries are down
7 tremendously.

8 So, in every aspect of sports, when helmets or
9 these safety devices have been instituted, injuries have
10 been diminished, but there's always been pushback against
11 the institution of the change.

12 And, so, you know, I understand you're used to
13 doing something a certain way, you don't want to change it,
14 I'm as stubborn as the next guy, probably more so. But it's
15 probably progress in a good thing.

16 Maybe we have to do it so we can grandfather in
17 those of you who don't want to wear it, but the guys who
18 want to wear it can wear it without feeling they're going to
19 be chastised in any way, or ridiculed. That might be an
20 easier way to do it.

21 COMMISSIONER HARRIS: Is that an issue, that
22 people feel they'd be ridiculed if they wore one on their
23 own?

24 MR. HOWRY: I don't believe they do. The ridicule
25 part I don't think really comes into play.

1 COMMISSIONER HARRIS: Well, they can take it,
2 those are pretty tough guys.

3 (Laughter.)

4 COMMISSION VICE CHAIRPERSON ISRAEL: So are hockey
5 players. You know, the locker room's the locker room.

6 COMMISSION CHAIRPERSON BRACKPOOL: Well, I think
7 the issue is does it affect the peripheral vision. I mean,
8 we have an approval now where everybody mounted on a horse,
9 on a track has to wear a safety helmet and the last hold out
10 is the starting gate crew.

11 We have data here on how many injuries and, you
12 know, how many were head injuries, and we're arguing about
13 where it hit somebody in the head. I don't want it to hit
14 you in the head and hurt you, period.

15 And I don't want to be having this discussion
16 after it has hit you in the head and, you know, maimed
17 somebody. That's not what we're here to do.

18 We're not here to make the job harder, we're not
19 here to mandate safety issues that I don't think are
20 critical.

21 To me, the issue that I wanted to discover between
22 last meeting and this one was the peripheral vision issue,
23 and we have some pretty good data in here from the experts,
24 that states that the peripheral vision is not an issue.

25 And, frankly, I think it's considerably less of an

1 issue than the wearing of a baseball cap would be. So, I
2 just don't think the peripheral vision is really the issue.

3 This is not an easy one. You know, I believe we
4 should just go ahead and take a vote on this issue and move
5 on. And, you know, if this is something that needs to be
6 revisited at some stage in the future, then I think it
7 should come back to the Medication and Track Safety
8 Committee first, we can talk about how it's going.

9 And if the Committee members, on that Committee,
10 believe it warrants coming back to the Board for some
11 modification, we can do that.

12 We've already addressed the issue that
13 Commissioner Rosenberg raised, of who would pay for the
14 helmets, as well.

15 Commissioner Moss?

16 COMMISSIONER MOSS: I just wanted to know, is it
17 possible you would accept a modification of the current
18 safety helmet?

19 MR. HOWRY: We'll that's one of the things we're
20 interested in is that if we are required, that we would have
21 some kind of input into the actual helmet that management
22 would be buying for us, that's what we're asking.

23 And also, you know, if it could be phased in, it
24 would be more accepted by the assistant starters as well.
25 You know, so, it's a possibility.

1 COMMISSIONER MOSS: It would be a consideration,
2 perhaps, if you can give us some picture of what you think
3 might be more acceptable or whatever.

4 COMMISSIONER DEREK: Within the approved helmets
5 there are many different styles, with visors, without
6 visors, so that there's nothing that would affect your
7 peripheral vision.

8 COMMISSION CHAIRPERSON BRACKPOOL: The way the
9 rule reads here is "The amendment establishes that new
10 standards requiring the helmets comply with at least one of
11 the following four product standards."

12 So, it's not that they have to comply with all,
13 they just have to comply with one.

14 Commissioner Rosenberg?

15 COMMISSIONER ROSENBERG: Well, my question was
16 related to the same question Commissioner Moss asked. We
17 heard at the last meeting that there were virtually no
18 injuries to the top of the head for any assistant starters
19 in the State.

20 Today, you're saying that there have been injuries
21 to the front of the face, and here we're approving a rule
22 without covering the issue of whether the helmets that are
23 worn by people on our racetrack should all be the same. If
24 the assistant starter requires to be protected in the face,
25 that's the most likely place to be hit, then it would seem

1 if they have to wear a helmet, they should wear the one with
2 something to protect their face.

3 COMMISSION CHAIRPERSON BRACKPOOL: Be careful what
4 you wish for, it may come true.

5 MR. HOWRY: The problem with that is it would
6 prevent an assistant starter from pinning a horse down that
7 becomes agitated in the gate and that's one of the -- about
8 the only thing, really, we have as far as bringing some of
9 the horses under control.

10 COMMISSION CHAIRPERSON BRACKPOOL: And we're not
11 trying to do anything that's making the job harder.

12 Barry, you want to say something before we --

13 MR. BROAD: Yeah, Barry Broad, on behalf of the
14 Teamsters. Clearly, our assistant starters don't want to
15 wear these helmets and they don't believe it's going to
16 enhance their safety and so, we've sort of backed off of our
17 position supporting it.

18 Although, I have to say that if there is some risk
19 of injury, whatever appropriate protective gear ought to be
20 worn. If the protective gear makes it more dangerous for
21 some reason, then that obviously has to be taken into
22 consideration.

23 So, that's sort of what our position is, which is
24 a reversal.

25 COMMISSION VICE CHAIRPERSON ISRAEL: Wait, so you

1 took both sides, your position is both sides. You're
2 strongly in favor either/or.

3 COMMISSIONER HARRIS: I wish we had better data,
4 though, because it was implied that there were head injuries
5 in starting gate crews, where what I read in the report
6 doesn't substantiate that. It says there were 13 injuries.
7 This is national, like literally, probably, hundreds of
8 thousands of days of work, and there were 13 fatal injuries,
9 but they were other track personnel, which it wasn't
10 necessarily starting gate.

11 I wish we could drill down in the numbers and show
12 me somebody that would have been saved if they had a helmet
13 on.

14 COMMISSION CHAIRPERSON BRACKPOOL: Yeah, but I
15 don't want to do that, John, because I don't want to wait
16 until somebody is not with us and then we have the
17 discussion about the helmet. The idea is --

18 COMMISSIONER HARRIS: But I don't want to be the
19 guy that passes something that created it. I mean, maybe
20 it's not broken and we're going to break it.

21 COMMISSION CHAIRPERSON BRACKPOOL: All right.
22 Well, let's do this, let me ask two questions of staff
23 before we come up with a motion here, if you would, Jackie,
24 what is the phase-in time?

25 REGULATIONS/LEGISLATION MANAGER WAGNER: The

1 phase-in time. If the Board were to approve this proposal
2 as presented, the staff would have to complete the rule-
3 making file. That would take -- we get the transcript
4 approximately two weeks after the meeting, we have to
5 complete the file, send it to the Office of Administrative
6 Law. They have 30 days in which to make a determination on
7 the rule as it is presented.

8 If it is approved as presented, it is 60 days
9 before it goes into effect, so we have about 90 days.

10 COMMISSION CHAIRPERSON BRACKPOOL: Ninety days.
11 So, what can we do in that 90 days to look at what the
12 correct helmet would be that would make everybody --

13 REGULATIONS/LEGISLATION MANAGER WAGNER: The
14 correct helmet, really, is a matter of the assistant
15 starters. The way the rule is drafted, the helmet only has
16 to meet one of the four standards.

17 As Commissioner Derek mentioned, there are a
18 number of helmets that are out there that fall within this
19 category. We are not mandating that they have to wear one
20 particular helmet, that is really up to the assistant
21 starter.

22 COMMISSION VICE CHAIRPERSON ISRAEL: Are there any
23 tracks that have a house rule that requires assistant
24 starters to wear helmets?

25 REGULATIONS/LEGISLATION MANAGER WAGNER: I'm not

1 aware of assistant starters.

2 COMMISSION VICE CHAIRPERSON ISRAEL: Los Alamitos?
3 Los Alamitos? They have helmets, that's what I thought,
4 I've seen it.

5 So, is there somebody here from Los Alamitos?
6 Ron?

7 COMMISSIONER HARRIS: Yeah, that's one of the
8 issues, I don't understand --

9 COMMISSION VICE CHAIRPERSON ISRAEL: Well, let me
10 finish.

11 COMMISSIONER HARRIS: Well, why do we need --

12 COMMISSION VICE CHAIRPERSON ISRAEL: Wait, John,
13 let me -- can I finish?

14 COMMISSIONER HARRIS: Yeah, I'm sorry.

15 COMMISSION VICE CHAIRPERSON ISRAEL: All right.
16 Ron?

17 EXECUTIVE DIRECTOR BREED: Can you come up to the
18 podium, please?

19 COMMISSION VICE CHAIRPERSON ISRAEL: Is there
20 somebody here from Los Al?

21 Is that correct, you require assistant starters to
22 wear helmets?

23 MR. MC KENZIE: We actually don't require them,
24 they --

25 THE REPORTER: Sir, can you state your name for

1 the record?

2 MR. MC KENZIE: Brad McKenzie, Los Alamitos Race
3 Course.

4 We didn't require them, they've pretty much done
5 this on their own. We did it mainly for savings in Worker's
6 Comp costs, trying to reduce, you know, insurance losses
7 and, obviously, for their safety. So, it's not actually,
8 officially mandated, but they as a group did it on their
9 own.

10 COMMISSION VICE CHAIRPERSON ISRAEL: And it's been
11 effective?

12 MR. MC KENZIE: They haven't had any problems.

13 COMMISSION VICE CHAIRPERSON ISRAEL: And has there
14 been any complaint about vision?

15 MR. MC KENZIE: No. And I have to say that, you
16 know, being an assistant starter for a Quarter Horse race is
17 as difficult, if not more difficult, than thoroughbred.

18 COMMISSION VICE CHAIRPERSON ISRAEL: Right.

19 MR. MC KENZIE: They're more high strung. But we
20 have not had any problems, they wear safety vests and they
21 wear helmets.

22 COMMISSION VICE CHAIRPERSON ISRAEL: Yeah, that's
23 what I thought.

24 COMMISSION CHAIRPERSON BRACKPOOL: Want to make a
25 motion?

1 COMMISSIONER DEREK: Yes. I'd like to make a
2 motion to vote on this.

3 COMMISSION CHAIRPERSON BRACKPOOL: Okay. So,
4 Commissioner Derek makes a motion to approve the item as
5 drafted.

6 All in favor?

7 COMMISSION VICE CHAIRPERSON ISRAEL: We need a
8 second.

9 COMMISSION CHAIRPERSON BRACKPOOL: Yeah, who's
10 going to second the motion?

11 COMMISSION VICE CHAIRPERSON ISRAEL: I'll second
12 it.

13 COMMISSION CHAIRPERSON BRACKPOOL: David will
14 second -- Commissioner Israel seconds the motion.

15 In favor?

16 (Ayes.)

17 COMMISSION CHAIRPERSON BRACKPOOL: Opposed?

18 (Nay.)

19 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner
20 Harris is opposed.

21 COMMISSIONER HARRIS: Just to clarify, my point is
22 that any individual should be able to wear a helmet, if they
23 wish. A track, who is the employer, could mandate helmets,
24 if they wish. I just don't think it's CHRB's role to
25 intervene in either case.

1 COMMISSION CHAIRPERSON BRACKPOOL: Okay, let's
2 move on. Item Number 6, application to conduct a horse
3 racing meeting, San Joaquin County Fair.

4 Who do we have to present for this issue?

5 REGULATIONS/LEGISLATION MANAGER WAGNER: Jackie
6 Wagner, CHRB staff.

7 The application before you is from the San Joaquin
8 County Fair. They have filed their application to race from
9 June 16th through June 20th. This is five days. They'll be
10 racing four days less than they raced in 2009.

11 They are racing Wednesday, Thursday, Friday,
12 Saturday and Sunday. Ten races per day are proposed for
13 Wednesdays, Thursdays and Fridays, and 12 races per day on
14 Saturday and Sunday.

15 They will be racing concurrently with Hollywood
16 Park from June 16th through June 20th.

17 The first post time is 12:45 p.m.

18 The analysis indicates that we have some
19 outstanding documents. I am pleased to report that we do
20 have the documents addressing their ADW providers. Their
21 ADW providers are XpressBet, TVG, Twinpires, and Youbet.

22 We also received the horsemen's agreements from
23 the Arabians and the Quarter Horse yesterday.

24 The CTT agreement is still outstanding. The CTT
25 has notified staff that they do have a concern with the 2010

1 race meeting agreement that addresses the general liability
2 insurance policy that the CTT would like to see included in
3 the proposal.

4 The representatives from the fair are here. The
5 application is up for approval by the Board.

6 COMMISSION CHAIRPERSON BRACKPOOL: Can I say,
7 before we start hearing this approval, that I understand
8 somebody had jury duty last month and that's why this was
9 pushed over to here?

10 MS. COOK: Yes, that's right. That's correct.

11 COMMISSION CHAIRPERSON BRACKPOOL: We cannot have
12 applications for fairs heard less than 30 days before the
13 meet is about to start, it just makes it too difficult to do
14 everything else.

15 So, I understand how difficult jury duty is, but
16 next time I don't want to be hearing, Jackie, that we've got
17 somebody, personal reasons, can't make it. However valid
18 the personal reasons are, we've got to have somebody else
19 come up because it's very difficult to do this and have
20 these conversations.

21 Secondly, in the recommendation, you know, we say
22 we recommend that the Board not approve the application
23 until the outstanding documents are there, but we're not
24 having another meeting beforehand. So, it just doesn't work
25 to have a recommendation like that. We have to have a

1 recommendation that approves it on a conditional basis, but
2 we've got to do a much better job of getting all of these
3 documents in.

4 We're not here to sit here and rubberstamp
5 agreements that we haven't seen.

6 So, we've absolutely got to be much stronger on
7 getting these agreements in, in time, to be able to do that.

8 So, with that minor rant, I'll allow you to please
9 state your name and proceed.

10 MS. COOK: My name is Debbie Cook, I'm the CEO at
11 the San Joaquin County Fair, and I would like to take a
12 moment to introduce three of my board of directors that are
13 here with me today.

14 On my left is Nanette Martin, she has been on our
15 board of directors for 20 years.

16 On her left is Dr. Thomas Streeter, who's been on
17 the board about eight years.

18 And on my right is Karylene Mann, who has been on
19 our board of directors for ten years.

20 And I would like to say that we are very excited,
21 we are celebrating our 150th birthday this year. Horse
22 racing has been a part of our fair for the entire 150 years.

23 We have some special programs that are planned.
24 We have a five-day race meet, as Ms. Wagner just said. We
25 are looking forward to making the most of those five days

1 and celebrating our 150 years.

2 We have several promotions planned that involve
3 the celebration of 150 years, as well as promoting horse
4 racing, including social networking signs, e-mail blasts,
5 some special activities.

6 We will be also having, again this year, the Pink
7 Ribbon Day, which was very well accepted last year, that is
8 a breast cancer awareness program. The jockeys were very
9 gracious and wore pants with a pink stripe and pink helmets.

10 We had special blankets and the pony horses were decked out
11 in pink, and we expect to do that again. And, again, it was
12 very well received in the community, as well as in the
13 industry, I believe.

14 Are there any questions?

15 COMMISSION CHAIRPERSON BRACKPOOL: Yes, I have two
16 questions that I'll direct to you, but I'll look to Jackie
17 for concurrence as well.

18 I gather the items still outstanding are the CTT
19 agreement, that we've just talked about, and I've got a CTT
20 request to speak to this issue in a moment.

21 And fire clearance, you said?

22 REGULATIONS/LEGISLATION MANAGER WAGNER: The fire
23 clearance has not been completed as of yet. They do have a
24 date set, I believe, for that fire clearance.

25 MS. COOK: The fire marshall was expected back

1 late yesterday afternoon and I apologize, I did not get an
2 update this morning.

3 The last thing we were waiting for was for some
4 horsemen to move some straw away from the barns and that was
5 the last thing that would have held it up. And so, that
6 should be taken care of at any moment.

7 COMMISSION VICE CHAIRPERSON ISRAEL: To move straw
8 away from the barns?

9 MS. COOK: Yes.

10 COMMISSION VICE CHAIRPERSON ISRAEL: Where the
11 hell is the straw going?

12 MS. COOK: It was stacked too close to the barns.

13 COMMISSION CHAIRPERSON BRACKPOOL: And those are
14 the only two outstanding issues?

15 REGULATIONS/LEGISLATION MANAGER WAGNER: Yes,
16 those are the only two outstanding issues that I'm aware of.

17 COMMISSION CHAIRPERSON BRACKPOOL: Okay. Well, I
18 think we all wish you very well on your 150th anniversary.

19 MS. COOK: Thanks.

20 COMMISSION CHAIRPERSON BRACKPOOL: We hope it's an
21 excellent meet. I look forward to coming up and see it.

22 But this approval, I would be happy to make a
23 motion that we approve it subject to receiving the CTT
24 agreement and, obviously, the fire certificate to do that.

25 Do I have a second to do that?

1 COMMISSIONER HARRIS: I'll second.

2 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner
3 Harris will second.

4 COMMISSIONER HARRIS: Is there a CTT comment on
5 this?

6 COMMISSION CHAIRPERSON BRACKPOOL: Yes, before we
7 do that, you're right, I've got to do that.

8 CTT, I apologize. Carlo Fisco is going to come
9 and speak.

10 Thank you, John.

11 Oh, I actually have two speakers.

12 MR. FISCO: Thank you, Mr. Chairman, good morning.
13 Carlo Fisco, CTT.

14 I'm happy to report that this morning, prior to
15 the commencement of the meeting, CTT, on half of its member
16 trainers, was able to reach agreement on the two substantive
17 issues that were pending between CARF, San Joaquin Fair, and
18 our membership.

19 The issue concerning the insurance problem going
20 forward has been addressed, as well as a prior issue
21 concerning a previous claim, and we have also been able to
22 resolve that matter as well.

23 So, we are good to go. As far as a time frame
24 when presenting the actual finished document, it may be a
25 couple days, but we have reached an agreement in principle.

1 COMMISSION CHAIRPERSON BRACKPOOL: Good. Well,
2 you'll continue to work with our staff to make sure those
3 documents are received, coordinated, et cetera.

4 MR. FISCO: It will be done. And I might also
5 mention that in the upcoming Items 7, 8, and 9 we have also
6 reached agreement with --

7 COMMISSION CHAIRPERSON BRACKPOOL: Terrific.

8 MR. FISCO: -- Cal-EXPO, Santa Rosa. And Mr.
9 Fravel and I met yesterday and we polished off the agreement
10 for Del Mar.

11 COMMISSION CHAIRPERSON BRACKPOOL: Thank you very
12 much, Mr. Fisco.

13 MR. FISCO: You're welcome. Thank you.

14 COMMISSION CHAIRPERSON BRACKPOOL: I have one more
15 speaker on this issue, William Anton.

16 MR. ANTON: Good morning, William Anton. Good
17 morning.

18 COMMISSION CHAIRPERSON BRACKPOOL: Good morning.

19 MR. ANTON: The problem I have is that Stockton
20 has \$142,465 in under-payment that was not paid for '08.
21 And I don't know a nice way of saying it, but I would like
22 to demand the payment to the owners.

23 Now, TOC, they seem to think they can do what they
24 wish, have decided, I think in the last few days, to give
25 that money to Stockton to enhance their purses.

1 Well, I wish them luck because this money belongs
2 to the owners. It does not belong to the TOC. It does not
3 belong to CARF. It belongs to the owners.

4 And how hideous for an organization that is
5 supposed to support the owners to give away their money. I
6 find no integrity there, none at all. I don't see where
7 they can make a deal a year and a half after the money was
8 supposed to have been paid, and CARF is always very slow in
9 paying their money.

10 I think most of you heard this argument last year
11 about Sacramento.

12 That being the case, I can only say that the
13 racetrack cannot expect the owners to subsidize them. The
14 owners are hurting for money right now, you know it, we're
15 not making enough money.

16 And the only I can say is they can make all the
17 deals they want, I just have to hope that -- I consider the
18 Board, the Commissioners, like the supreme court and you can
19 overturn this, you can put it any way you like. I really
20 think you can right this wrong and make them pay this under-
21 payment.

22 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.
23 Kirk, do you want to speak to the status of the
24 over-payment -- the under-payment situation?

25 EXECUTIVE DIRECTOR BREED: The law allows the

1 consolidation of purses, number one, and the agreement that
2 was reached in the under-payment/over-payment agreement is
3 based upon the horsemen's agreement, which is signed by not
4 only the horsemen's agreement with the TOC, the
5 thoroughbreds, but also the quarter horses, and mules, and
6 whoever else is racing there.

7 And that's a matter of the agreement between the
8 horsemen and the association.

9 We simply are, as a part of that license, we
10 simply enforce that agreement. If the horsemen and CARF,
11 representing the fairs, have agreed to the under-payment
12 being passed over into the purses for the following year,
13 they're party to the agreement and the license allows them
14 to do so.

15 My understanding was in the case of Cal-EXPO, or
16 the State Fair, and also Stockton, that that under-payment
17 was paid back to the horsemen. So, I don't know, they might
18 want to speak to that.

19 COMMISSION CHAIRPERSON BRACKPOOL: Is there
20 somebody from TOC? Who is here from TOC today?

21 COMMISSIONER HARRIS: I'm not clear on the issue,
22 just to see if I can clarify it, the way I understand it.
23 There was an under-payment in '08, so there's some money
24 that, theoretically, was under-paid to participants in '08
25 and that was part of the -- there was a contract between TOC

1 and the horsemen which outlined how that was going to be.

2 And as I understood it, over \$50,000 was going to be paid.

3 But then, subsequent to that, TOC and CARF amended
4 the original agreement and changed that.

5 And so, I think the real thing is, and we can get
6 a legal opinion on can an agreement be subsequently amended
7 that was agreed to in '08.

8 MR. ANTON: My question, Mr. Harris, is when did
9 they redo this agreement, due to the fact that this Stockton
10 money is still '08.

11 COMMISSION CHAIRPERSON BRACKPOOL: Okay, I would
12 like to just hear from TOC on the issue, if I may. Guy.

13 MR. LAMOTHE: Good morning, Guy Lamothe,
14 Thoroughbred Owners of California.

15 I don't think the agreement was changed, per se, I
16 believe that we followed the agreement, which allows us to
17 carry forward under-payments from one meet to the next, and
18 that was the case here.

19 And we met on it, there were reasons for carrying
20 forward the under-payment from 2008, Stockton, and 2009,
21 which included what we were seeing with -- what we do at
22 TOC, if I can back up a step, is we're not just looking at
23 one particular situation, we're also incorporating the
24 bigger picture of looking at the fair circuit as well, not
25 only in the moment for one meet, but to ensure the longevity

1 and ensure the subsequent meets are prosperous.

2 In the case of Stockton, we had a situation in
3 which they had, in '07, they were racing in the spring, they
4 flipped their dates in '08 to the fall, then were planning
5 on flipping their dates back for the fall in '09. So, with
6 that comes increased uncertainty to what's going to happen.

7 We're concerned with maintaining a consistent
8 level of purse levels and offering those to the horsemen
9 year in and year out, over time, without -- we're trying to
10 manage spikes.

11 So, with that uncertainty, what we saw would be
12 prudent was to carry forward an amount that we are allowed
13 to do contractually, with the agreement with CARF and
14 ourselves.

15 COMMISSION CHAIRPERSON BRACKPOOL: And, Guy, I'm
16 reading the letter you sent to Kirk May 14th, signed by
17 yourself and Marsha, that states that the -- according to
18 the under-payment amount, it was carried forward from 2008
19 between CARF and TOC and was effectively paid out in the
20 purse structure of '09.

21 So, your contention is there is nothing from '08,
22 there's an '09 carryover.

23 MR. LAMOTHE: Well, let me answer your question
24 and at the same time address something Mr. Anton said, that
25 he claimed that the monies were not paid and the monies

1 belong to the owners. We absolutely agree with him, it does
2 belong to the owners, and if there's any implication that
3 something was done otherwise, I would say absolutely not.

4 Those monies were -- from '08, that were carried
5 forward, were built into the purse program for '09. Okay,
6 so they're added to the pool.

7 COMMISSION CHAIRPERSON BRACKPOOL: Right, so your
8 contention is they're paid to owners, they just may not be
9 the same owners.

10 MR. LAMOTHE: They may or may not be. It's the
11 same thing with any other meet out there.

12 And, in fact, the '09 Stockton meet, for the meet,
13 itself, incurred an over-payment of, I believe, \$60,000.
14 So, there was more paid out there, you know, than what was
15 generated, even with the carry forward. So, these monies
16 don't leave the system, they're still in the purse program
17 and we're doing it to support the fair racing.

18 COMMISSION CHAIRPERSON BRACKPOOL: Here's what I'd
19 like to do on this issue, because I think it's unfair to
20 make -- this is an issue that affects almost every fair, and
21 I don't want the inference being that this is a San Joaquin
22 Fair issue, because that's not the case. In isolation, it
23 may have happened here.

24 What I would like to do at either the next, or the
25 July Board meeting, one of the two, is I would actually like

1 to have this issue as an agenda item and let's get the
2 backgrounds, that we've got everything in context, let's
3 have some presentations of how it's been resolved and are
4 there any alternative views on how it could be resolved.

5 Because I don't want to be reacting to a letter
6 that's being passed around on the dias up here and looked at
7 for the first time.

8 So, let's do this properly, let's do a little
9 research into what it is and then I think, Mr. Anton, we can
10 attempt to at least have out the issues, perhaps address the
11 issues. Whether or not they get addressed to any one
12 person's satisfaction, I can't guarantee. But let's at
13 least do that.

14 MR. LAMOTHE: TOC would be happy to comply with
15 that. We feel that we've made our best attempts to comply
16 with that.

17 I'd like to ask if there are specific regulatory
18 or legal questions that we can address in advance of that,
19 to be better prepared for that meeting.

20 COMMISSION CHAIRPERSON BRACKPOOL: And we'll work
21 with staff on that to get you those questions, so that you
22 can take a look at that.

23 But I think this deserves a separate agenda item
24 because I think it is an interesting issue. I know
25 Commissioner Harris has raised it a couple of times.

1 And I don't want to do this, as I say, in the
2 isolation of agreements that may or may not be in context of
3 the overall discussion.

4 MR. ANTON: One small question.

5 COMMISSION CHAIRPERSON BRACKPOOL: One small
6 question, we have a lot to move through.

7 MR. ANTON: I understand and I don't want to take
8 up all your time. They did set a precedence last year by
9 paying the '08 in Sacramento and now, all of a sudden, they
10 took it and just wanted you to know that.

11 COMMISSION CHAIRPERSON BRACKPOOL: And that's the
12 type of thing I want to get into when we have a separate
13 agendaized item.

14 So, with that, we move back to the motion. We had
15 a motion by Commissioner Derek to -- what was it, I've
16 forgotten, it was five minutes ago, now. I don't know who
17 was proposing the motion, but to go with the fair.

18 I proposed it, John --

19 COMMISSIONER HARRIS: Yeah, I seconded it.

20 COMMISSION CHAIRPERSON BRACKPOOL: John seconded
21 it. So, Commissioner Harris seconded.

22 All in favor?

23 (Ayes.)

24 COMMISSION CHAIRPERSON BRACKPOOL: Okay.
25 Approved. Thank you.

1 MS. COOK: Thank you.

2 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

3 Have a good fair.

4 MS. COOK: Thank you.

5 COMMISSION CHAIRPERSON BRACKPOOL: Item Number 7,
6 discussion and action by the Board on the application to
7 conduct a horse racing meeting at Cal-EXPO, at Sacramento,
8 commencing July 14th, 2010 through July 25th, 2010.

9 REGULATIONS/LEGISLATION MANAGER WAGNER: Jackie --

10 COMMISSION CHAIRPERSON BRACKPOOL: I've said it,
11 you don't need to say it again, Jackie.

12 REGULATIONS/LEGISLATION MANAGER WAGNER: Okay.

13 Jackie Wagner, CHRB staff.

14 Cal-EXPO has filed their application to race July
15 15th through the 25th. This is ten days and it's one day
16 less than they raced in 2009.

17 The application lists Cal-EXPO as racing Wednesday
18 through Sunday both weeks, with ten races per day.

19 The first post time is 1:45 p.m., daily, and they
20 will have a 3:45 p.m. post on Friday.

21 The analysis indicates that they have outstanding
22 items. We are pleased to report that we have received the
23 outstanding items. The only item missing from this
24 application is the fire clearance and that has been
25 scheduled, and will be completed prior to the race meeting.

1 Staff would recommend that the Board approve the
2 application contingent upon the receipt of the fire
3 clearance.

4 COMMISSION CHAIRPERSON BRACKPOOL: Which, again,
5 is different from the recommendation that was in here
6 because you didn't have CTT.

7 REGULATIONS/LEGISLATION MANAGER WAGNER: Correct.
8 That's correct.

9 COMMISSION CHAIRPERSON BRACKPOOL: So, given that
10 we now have Mr. Fisco's statement that we now have CTT
11 agreements for all of the fairs on the agenda today, the
12 only thing we're missing is the fire clearance.

13 Is there an issue with the fire clearance?

14 MR. ELLIOTT: Dave Elliott, Cal-EXPO. No issue.
15 We had our first visit on May 13th, the State Fire Marshall.
16 We schedule that well in advance. Her next visit is
17 tomorrow and we don't believe that there are any outstanding
18 or minor issues, she just didn't want to sign off.

19 We'll have all of those issues taken care of
20 before her visit tomorrow.

21 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

22 Do I have any questions from Commissioners?
23 Commissioner Rosenberg?

24 COMMISSIONER ROSENBERG: No questions.

25 COMMISSION CHAIRPERSON BRACKPOOL: No. Just

1 leaning forward.

2 COMMISSIONER ROSENBERG: Yes, to see you.

3 COMMISSIONER HARRIS: Is there -- this is, you
4 know, different dates than you normally had. Are you going
5 to ramp up your promotion to let people know that the State
6 Fair is different?

7 BARTOSIK: Norb Bartosik, General Manager at Cal-
8 EXPO.

9 In answer to your question, Commissioner Harris,
10 the answer is absolutely yes. We're tracking ticket sales
11 with advanced promotions. We're working on special
12 promotions for opening day at the track, as well.

13 Our ticket sales are equal to at least last year
14 and our advance promotion was over a million dollars last
15 year. So, we think that the word's getting out, things are
16 working. We're positive with it. Our entertainment lineup
17 is the best we've had. The racing program looks to be
18 coming together. And we're looking forward to the new dates
19 and the new programs.

20 COMMISSION CHAIRPERSON BRACKPOOL: Thank you. I
21 think the fact there are no questions reads well.

22 Before you leave, I have a speaker. Again, Mr.
23 Anton.

24 MR. ANTON: I'll just go ahead and abstain,
25 there's 127,000 that Stockton has, but if we could combine

1 that with -- Sacramento with the Stockton, but we can deal
2 with it later.

3 COMMISSION CHAIRPERSON BRACKPOOL: Well, thank you
4 very much for your consideration on that. And I do promise
5 we'll have this on the agenda as a proper subject and look
6 forward to having your responses to that as well. Thank
7 you.

8 Do I have a motion for the fair?

9 COMMISSIONER MOSS: So moved.

10 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner
11 Moss makes the motion.

12 COMMISSION VICE CHAIRPERSON ISRAEL: Second.

13 COMMISSION CHAIRPERSON BRACKPOOL: And seconded by
14 Commissioner Israel.

15 All in favor?

16 (Ayes.)

17 COMMISSION CHAIRPERSON BRACKPOOL: Motion
18 approved. Have a good fair.

19 MR. BARTOSIK: Thank you very much.

20 MR. ELLIOTT: Thanks.

21 COMMISSION CHAIRPERSON BRACKPOOL: Item Number 8,
22 discussion and action by the Board on the application to
23 conduct a horse racing meeting at the Sonoma County Fair, at
24 Santa Rosa, commencing July 28th, 2010 through August 15th,
25 2010.

1 REGULATIONS/LEGISLATION MANAGER WAGNER: Jackie
2 Wagner, CHRB staff.

3 The Sonoma County Fair has filed their
4 application. They will be racing July 28th through August
5 15th. This is 15 days, five days more than they raced in
6 2009. They are proposing to race a total of 162 races, and
7 this is 52 races more than they raced in 2009.

8 They will be racing Wednesday through Sunday, with
9 ten races per day on Wednesdays, Thursdays and Fridays, 12
10 races on Saturdays and Sundays.

11 They will be racing concurrently with Del Mar from
12 July 28th through August the 15th.

13 Their first post time is 12:45 p.m.

14 Their advanced deposit wagering providers are
15 XpressBet, TVG, Twinspires, and Youbet.

16 And as with the other applications, the analysis
17 lists some outstanding items. I am pleased to report that
18 the only thing missing from this item is the fire clearance.

19 And staff would recommend that the Board approve the
20 application contingent upon the receipt of the fire
21 clearance.

22 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

23 Go ahead.

24 MS. TESCONI: Tawny Tesconi, the Fair Manager at
25 the Sonoma County Fair.

1 We're very excited to be including a third week of
2 racing into our race meet this year. Our bonus week will
3 fall August 11th through August 15th.

4 And we're doing a lot to promote that third week
5 of racing. We're seeing our box seat holders, who have been
6 offered the opportunity to pre-purchase the additional bonus
7 week, so we're seeing about a 50 percent purchase of those.

8 We're also doing a lot of bounce-back
9 opportunities during our regular two weeks of fair, giving
10 people coupons to come back to get a voucher to bet.

11 We actually spoke, yesterday, with doing the
12 Weiner Dog races, which I'm sure horse racing doesn't
13 appreciate the fact, but it is a great draw for racing, for
14 our event. And we're looking at doing Weiner Dogs on
15 Sunday, August 8th, and Sunday, August 15th, during our
16 bonus week, which will be a great opportunity to bring some
17 people out, who may not necessarily come out.

18 We have started, two years ago and we continue to
19 expand, our fan promotion programs within our meets. We do
20 a lot of t-shirt throws, a lot of owners for a day programs,
21 and stuff like that, to really create an event around our
22 racing programs. It's been very successful.

23 We started a VIP tent program two years ago and
24 we're at the point where we're almost sold out with our VIP
25 tent program, which sits next to our racing grandstands and

1 encourages people to have their company parties, and
2 experience our racing program at the same time.

3 COMMISSION CHAIRPERSON BRACKPOOL: Excellent.

4 Commissioner Israel?

5 COMMISSION VICE CHAIRPERSON ISRAEL: Do you have a
6 drug testing program in place for your weiner dog races?

7 (Laughter.)

8 MS. TESCONI: Yes, we do. It's really hard to get
9 the urine tests, but we make it happen.

10 COMMISSIONER HARRIS: What's the day rate for
11 training one of those dogs?

12 COMMISSION CHAIRPERSON BRACKPOOL: We don't want
13 to see out sausage is made, let alone test it.

14 So, anyway, but, no, again, thank you, this one's
15 well in advance, it's good.

16 Are you concerned with horse population issues
17 with the extra number of days?

18 MS. TESCONI: Well, I think in general there's a
19 concern about horse population. I don't believe,
20 necessarily, for our third week it's any different than I
21 think for our first couple weeks.

22 But we are talking about doing some special things
23 for our trainers during the third week, having a spaghetti
24 feed, or Italian, and making sure that we show them how
25 appreciative we are that they stay with us for that third

1 week. So, we're hoping that that will keep the team
2 together.

3 COMMISSION CHAIRPERSON BRACKPOOL: Maybe even have
4 a few of them in the VIP tent.

5 MS. TESCONI: Yes, absolutely.

6 COMMISSION CHAIRPERSON BRACKPOOL: There you go.

7 COMMISSIONER HARRIS: I wonder, could you take a
8 look on our stakes program to make them all overnight
9 stakes, so that the Cal-bred added money could be included?
10 It wouldn't really cost you that much.

11 MR. LEWIS: Richard Lewis, Sonoma County Fair.
12 Originally, we had them scheduled for overnights, but with
13 agreements with TOC, they would like to see some guaranteed
14 stakes.

15 COMMISSIONER HARRIS: Could TOC comment as far as
16 why that is?

17 MR. LEWIS: I cannot answer for them.

18 COMMISSION CHAIRPERSON BRACKPOOL: No, I'm saying,
19 this is a request, could we have Guy or Marsha comment on
20 why they want guaranteed stakes. Commissioner Harris -- can
21 you come up to the podium?

22 COMMISSIONER HARRIS: The difference is on
23 overnight stakes there's a Cal-bred fund, which would add 30
24 percent to the purse of the stake, and part of that comes
25 from the CTVAs and city funds, and then a smaller amount

1 comes from the purse fund.

2 But the problem is you're overlapping Del Mar and
3 to get people to stay in the north, a little bit better
4 stakes program might help.

5 MR. LAMOTHE: Guy Lamothe, Thoroughbred Owners of
6 California.

7 MR. DOUTRICH: Tom Doutrich, Racing Secretary,
8 Cal-Fairs.

9 MR. LAMOTHE: The question is why there are
10 guaranteed stakes at the fair level?

11 COMMISSIONER HARRIS: Well, why wouldn't you want
12 to make them consistently overnight stakes to entitle them
13 to the Cal-bred bonus program? I mean, they would be open
14 races, but the Cal-Breds would have a higher incentive to
15 run in them.

16 MR. LAMOTHE: Yeah, and I'll let Bomber [sic] get
17 into the details. But, you know, we're presented with the
18 purse proposal and stakes program by CARF, and we discuss it
19 with TOC, with our Racing Fairs Committee.

20 If they were all overnight stakes and they were
21 all eligible for the Cal-bred bonuses, you get into budget
22 constraints, you increase the purse liability, and if that's
23 the case then, in turn, we would have to lower purses on all
24 the other levels to compensate.

25 The purses generated are what they're projected,

1 those don't change. It's just a matter of how you want to
2 move around your purse and stakes program.

3 MR. DOUTRICH: I think Guy basically hit it right
4 on the button that -- I'm sorry.

5 COMMISSIONER HARRIS: The other microphone.

6 MR. DOUTRICH: Guy basically hit it right on the
7 button, it comes down to a budget situation for each fair.
8 Obviously, we'd like to give more to each stake and give to
9 each purse.

10 So, basically, it comes down to with the attitude
11 of Fresno it becomes six and six, so I believe we have six
12 guarantees and six overnight stakes.

13 COMMISSIONER HARRIS: And could somebody prepare a
14 scheduling showing how much it's really going cost your
15 purse fund? Because my theory is it's not going to cost
16 your purse fund very much.

17 MR. DOUTRICH: Yeah, I believe I can get that to
18 you. See how much it's going to cost us.

19 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.
20 Submit it to staff, if you would, and they'll distribute it
21 out to us. Thank you.

22 MR. DOUTRICH: Thank you.

23 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

24 All right, do I have a motion to approve the Santa
25 Rosa Fair?

1 COMMISSIONER DEREK: So moved.

2 COMMISSIONER MOSS: Second.

3 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner
4 Derek makes the motion. Commissioner Moss seconds the
5 motion.

6 All in favor?

7 (Ayes.)

8 COMMISSION CHAIRPERSON BRACKPOOL: Approved.

9 Have a good fair.

10 MS. TESCONI: Thank you.

11 COMMISSION CHAIRPERSON BRACKPOOL: Item Number 9,
12 discussion and action by the Board on the application to
13 conduct a horse racing meeting of the Del Mar Thoroughbred
14 Club at Del Mar, commencing July 21st, 2010 through
15 September 8th, 2010, inclusive.

16 REGULATIONS/LEGISLATION MANAGER WAGNER: Jackie
17 Wagner, CHRB staff.

18 Del Mar has submitted their application for the
19 2010 racing season. They'll be racing July 21st through
20 September the 8th, this is 37 days, the same number of days
21 that they raced in 2009.

22 They are proposing to race a total of 336 races or
23 8.6 races per day.

24 They will be racing five days per week, Wednesday
25 through Sunday the first six weeks, six days per week

1 Wednesday through Monday the seventh week, and eight races
2 per day Thursday and Friday, nine races per day on
3 Wednesdays, and Sunday, August the 10th. They will have ten
4 races per day on Saturdays, Sundays, opening day, Labor Day,
5 and closing day. On Pacific Classic Day, which is August
6 the 28th, they will be racing 11 races on that day.

7 They are going to be racing concurrently with the
8 dates allocated to Santa Rosa, Ferndale, Cal-EXPO and
9 Pacific Racing Association.

10 Post time, first post time is two o'clock in the
11 afternoon.

12 Their application, the analysis lists outstanding
13 items, and we are pleased to report that we have received
14 everything that was listed as outstanding. The only thing
15 that we have not received is the fire clearance, which will
16 be -- the inspection will take place closer to the opening
17 day of the race meeting, and we have not received the track
18 safety inspection, which will be forwarded to us once it's
19 completed.

20 Staff would recommend that the Board approve the
21 application contingent upon us receiving those two missing
22 items.

23 COMMISSION CHAIRPERSON BRACKPOOL: Okay, I have a
24 public speaking request by you, Craig, on this issue.

25 MR. FRAVEL: I'm just trying to follow the

1 technicalities here, I'm sorry. I know how we're --

2 COMMISSION CHAIRPERSON BRACKPOOL: So, let's hear
3 your presentation, first, and then I have some speakers at
4 the back.

5 MR. FRAVEL: Well, I think our application is
6 pretty self-explanatory. We're optimistic, cautiously
7 optimistic about this year's meet.

8 Our advance season sales are actually
9 significantly stronger at this point last year -- than they
10 were last year. We are seeing some resurgence in our group
11 sales efforts, with some banks, and financial institutions,
12 and real estate companies that had canceled in prior -- last
13 year, in particular, showing renewed interest in returning.

14 And that was probably the weakest part of our
15 attendance last year was a 30 percent drop in our group
16 sales department. So, I wouldn't suggest that we'll get
17 back in groups to the level we were at in 2008 or 2007, but
18 we are seeing some improvement.

19 And, certainly, we opened our advance sales on our
20 online ticketing system I believe last Wednesday. We are up
21 six percent on our online sales that first day, better up
22 than down.

23 So, we are moving forward optimistically on this
24 meet.

25 There were a couple of amendments that we

1 submitted to Mr. Breed, requesting a change in our wagering
2 menu on the Pick 4 bet. We wanted to go to a minimum
3 denomination of 50 cents. We've done a lot of work looking
4 at similar activity undertaken by Keeneland and we think
5 that offering that opportunity on the late Pick 4, that we
6 offer, will be a significant opportunity for bettors to bet
7 at lower denominations, and we think that will be good for
8 our handle, as well.

9 I have handed out something to you, to follow up
10 on an undertaking that I made at, I believe, one of the
11 Committee meetings several -- you know, a month ago or two
12 months ago. And that was to start taking a look at whether
13 we want to make some modifications in our presentation of
14 odds, partially in response to the perceptions about late
15 odds shifts, but also whether or not there were different
16 presentations that would be more useful to the gambling
17 public.

18 COMMISSION CHAIRPERSON BRACKPOOL: It's like being
19 in Paris.

20 MR. FRAVEL: I'm sorry?

21 COMMISSION CHAIRPERSON BRACKPOOL: It's like being
22 in Paris. It's the only other place that they do it like
23 that.

24 COMMISSION VICE CHAIRPERSON ISRAEL: San Diego and
25 Paris.

1 MR. FRAVEL: Well, I do -- they're very similar
2 places.

3 I do want to say, first of all, that I don't think
4 this is something that should be undertaken just by Del Mar.

5 You know, I think if we're going to do this it needs to be
6 done as a circuit, perhaps more so than -- and I want to
7 personally thank Terry McWilliams and his programmers at
8 Scientific Games, who put a lot of time and effort into
9 coming up with these mockups and analyzing the programming
10 challenges that might be inherent in this.

11 If we were to start it for the Del Mar meet, we
12 would have to make a decision, from a programming stand
13 point, by this coming Monday.

14 And we held a focus group last night with a group
15 of our core fans from the Del Mar Satellite, and I think the
16 feedback on that was that they were relatively lukewarm on
17 the question. They weren't like gung ho about it, nor were
18 they gung ho in opposition. There was sentiment expressed
19 for at least maintaining the decimal or the standard odds
20 presentation on the simulcast signal, but cycling the \$2 win
21 will pays, perhaps, which are a little more accurate on a
22 moment by moment basis.

23 COMMISSION CHAIRPERSON BRACKPOOL: I think, given
24 what a huge change this would be, I would much rather see
25 this debated at both Chairman Rosenberg and Chairman Moss's

1 Committee before we just leap into this, and one track doing
2 it and not the other tracks doing it.

3 MR. FRAVEL: And we agree completely. I just
4 wanted you to know that we've been working on it and wanted
5 you to have at least the preliminary look at it.

6 We may go ahead and cycle the \$2 win pays, anyway,
7 as part of our simulcast, which would not negatively impact
8 any other presentations, wouldn't be a dramatic change.

9 COMMISSION CHAIRPERSON BRACKPOOL: Right.

10 MR. FRAVEL: But I agree if this is going to
11 happen, it should be done at least statewide, in a
12 coordinated fashion.

13 COMMISSION CHAIRPERSON BRACKPOOL: Yeah. But to
14 go to your point about the late shift of odds, the late
15 shift of odds, you're saying, wouldn't happen so much
16 because you'd be getting closer and closer to the threshold
17 before the money --

18 MR. FRAVEL: Correct. I mean, the odds are
19 necessarily rounded, so, there are many different increments
20 of actual will pays that could occur within one particular
21 range of odds.

22 COMMISSION CHAIRPERSON BRACKPOOL: Right, right.

23 MR. FRAVEL: And if you have odds that are at the
24 bottom end of one range and, you know, a relatively small
25 bet shifts them to the top end of another range it looks

1 like a large shift. But it, actually, in terms of real
2 dollars, may not necessarily be the same.

3 So, the idea behind showing the will pays and
4 perhaps making those available on our website as a cycle, so
5 that people can see them, would be a step forward.

6 COMMISSION CHAIRPERSON BRACKPOOL: And we
7 effectively do it with daily doubles and some things,
8 anyway, so --

9 MR. FRAVEL: Right, we do have -- the will pay is
10 nothing new, we do that for triples, and doubles, and all
11 kinds of other bets, and the Pick 6, even.

12 COMMISSION CHAIRPERSON BRACKPOOL: Right.

13 MR. FRAVEL: So, I wanted to present that to you,
14 just so you know that we're working on it. I think the next
15 step would be, like you said, for the Commissioners'
16 Committee to see what the rest of the tracks and the
17 horsemen feel about it.

18 COMMISSION CHAIRPERSON BRACKPOOL: Okay.

19 COMMISSIONER HARRIS: You know, on the pari-mutuel
20 side, Del Mar's obviously a fabulous track and you're doing
21 well, but one of the problems I see is the availability to
22 bet, the ease of wagering is tough at Del Mar, at times,
23 because where the seating is pretty far removed from the
24 actual pari-mutuel machines. And I know over the last few
25 years there have been attempts to have more hand-held

1 devices and more kiosks to bet, but is anything being
2 pursued for this year on that?

3 MR. FRAVEL: Well, yeah, we are -- Terry can
4 address, specifically, how many hand-held units we're going
5 to have out there from Sci Games, but those will be
6 available.

7 We do have tellers, who have hand-held devices,
8 walking around and taking bets in almost every location in
9 the facility.

10 COMMISSIONER HARRIS: Yeah, Saratoga has done
11 well, with they've got a device in each box just about.
12 Because I think we lose a lot of wagers, especially in the
13 last few minutes, if people have to get up and go find a
14 window and all that.

15 MR. FRAVEL: I don't disagree. I guess we are
16 compromised by the fact that we have some lines, which have
17 become unusual at racetracks these days but --

18 COMMISSION VICE CHAIRPERSON ISRAEL: That's a good
19 thing.

20 COMMISSIONER HARRIS: Well, lines are a good thing
21 but --

22 MR. FRAVEL: I'd rather fight to find things more
23 conveniently for the customers and not rely on that.

24 COMMISSION CHAIRPERSON BRACKPOOL: Terry, are you
25 going to respond to the increase?

1 MR. MC WILLIAMS: Terry McWilliams, Scientific
2 Games, very quickly. Yes, we have a number of both personal
3 wagering devices and more public account wagering devices
4 that we have been encouraging all the racetracks -- and Del
5 Mar, actually, for one, has taken a large interest in that.

6 Because, obviously, it is a self-service device, so it
7 makes the transaction real fast.

8 But we do not have them in quantities in the
9 boxes, as Commissioner Harris is suggesting, but they
10 certainly could be made available. And we have walk-up
11 terminals, the teller operated, mobile terminals that Craig
12 was referring to, as well.

13 COMMISSIONER HARRIS: Is there any thing in the
14 industry going on to create some kind of an app that could
15 be on an i-Phone or something like that?

16 MR. FRAVEL: I was going to tell, the XpressBet,
17 we met with several weeks ago, and they are hoping to have
18 an i-Phone app that would be fully operational by our meet.
19 They couldn't promise that.

20 And I believe the other ADW companies, as well,
21 are either working on or have i-Phone applications that
22 would be -- and other PDA applications that would be
23 downloadable.

24 COMMISSION CHAIRPERSON BRACKPOOL: Right. And I
25 understand Hollywood's working on something like that, as

1 well, that we heard about last time.

2 I have to say that I read the -- hearing no other
3 questions -- I read the marketing report in detail, I
4 thought it was an excellent report.

5 The one thing that I would like to continue to
6 see, it's something we've harped on for a lot, is there's a
7 great deal of data about the increased attendance from the
8 targeted demographic base which is I think defined as 18 to
9 34, in that. But there was nothing in there about what we
10 do to educate that new audience, when they arrive at the
11 facility, about horse racing, how to bet on horse racing, et
12 cetera, et cetera.

13 And the criticism that I hear from young, new
14 attendees all the time is we get in there and it's, frankly,
15 a bit overwhelming and didn't really understand, you know,
16 what to do and how to do it.

17 I just -- this is not particular just to you, but
18 it is particular to you, A, because you're sitting here and,
19 B, because you are going out and targeting that.

20 I had this same conversation with Hollywood Park
21 when we talked about the Friday night program, as well.

22 You know, I know it's difficult, but I just think
23 we've got to make more of an effort to do that.

24 MR. FRAVEL: I don't disagree. I do think we do
25 make significant efforts, particularly in our group sales

1 department. When we have groups, we actually do send
2 handicappers up to give lessons to those groups, that's
3 where we know that we have many novices coming in with our
4 groups, so we do make a special outreach to them.

5 Del Mar, also, and I believe Hollywood does this
6 as well, our admission price includes a program, so every
7 single patron coming in gets a program, and those programs
8 all have verbal descriptions of what horses have done in
9 past races, so that past performances are -- a lot of those
10 people won't buy a Forum, or past performances, so it gives
11 them something to grab a hold of and to think they have a
12 fighting chance.

13 So, those are a couple of things we do, but I
14 agree there's probably more that we can do.

15 COMMISSIONER MOSS: You have -- I know you have
16 the morning seminar for potential new owners, how many
17 mornings a week do you have those?

18 MR. FRAVEL: Well, the new seminars for owners are
19 typically run by the Thoroughbred Owners of California, so
20 Guy could answer that more, how many they have planned
21 during the meet. I think it's usually two.

22 COMMISSIONER MOSS: Yeah, I'm just wondering
23 because you do get a turnout for those, and I'm wondering if
24 you wouldn't get turnouts for new people, you know, just
25 wanting to -- are there for the weekend and get a better

1 understanding of it.

2 MR. FRAVEL: Well, we also, we have that down in
3 our Clocker's Corner, our version of Clocker's Corner, which
4 has no corner. But we do have a handicapper seminar there
5 every morning of the week. And we also have our Donuts
6 Days, which happen twice during the meet, which we -- we
7 don't give handicapping because there's a lot of kids there,
8 but we have trainers and jockeys, and try to give people
9 some educational background on the races, so we do work on
10 that.

11 COMMISSIONER MOSS: Yeah, I think that's great,
12 thank you.

13 COMMISSION CHAIRPERSON BRACKPOOL: Before you go,
14 I have a comment card here. Richard, I see you wrote three
15 people's name on this comment card. Does that mean you're
16 speaking on behalf of three people?

17 MR. CASTRO: No, that means I've brought two
18 expert witnesses with me.

19 COMMISSION CHAIRPERSON BRACKPOOL: Ah, very good.
20 Well, this card has your name on it, so please begin.

21 MR. CASTRO: My name is Richard Castro,
22 representing Pari-Mutuel Employees Guild.

23 We would like you to approve this application,
24 pulling out the Del Mar.com portion of it, which we feel is
25 illegal, which we do not have a contract with. We look at

1 Del Mar.com as an ADW company, and the statute clearly says
2 that they must have a contract with us.

3 My two expert witnesses, one, Barry Broad, over at
4 the coffee table, will give you the legislative history.

5 COMMISSION CHAIRPERSON BRACKPOOL: It's more like
6 a reluctant witness to me, than an expert one, standing over
7 there.

8 MR. CASTRO: And my second witness prefers to be
9 called "Ruler," R-u-l-e-r, that would be David Rosenfeld, R-
10 o-s-e-n-f-e-l-d. That's the gentleman right here.

11 COMMISSION CHAIRPERSON BRACKPOOL: Okay.

12 MR. CASTRO: He is our lawyer.

13 COMMISSION CHAIRPERSON BRACKPOOL: And is the card
14 requesting that Mr. Ruler speak?

15 MR. CASTRO: Mr. Ruler shall speak and he will
16 speak with authority. Mr. Ruler, please take the
17 microphone.

18 MR. ROSENFELD: There's no way Richard can
19 embarrass me or anybody else.

20 I was asked to speak -- there's no way Richard can
21 embarrass me or anybody else. So, having said that, I'm
22 prepared to talk about this.

23 I am the lawyer for Local 280 and I've handled
24 their business for a long, long time.

25 Our concern here is that the ADW statute provides

1 that you can have an ADW provider that doesn't provide
2 anything else. And the staff reports says, in addition,
3 DMTC, the law for a Del Mar branded ADW platform.

4 The statute doesn't talk about some racing
5 association offering some other platform. The word
6 "platform" doesn't appear in the statute. DelMarBets.com.
7 "And we'll provide ADW services on a year-round basis.
8 DelMarBets.com is an extension of XpressBet.com."

9 Well, XpressBet.com is an ADW provider. There's
10 nothing in the statute that says there's a definition or a
11 contemplation of something called an extension.

12 It goes on to say that "XpressBet will provide the
13 technical support."

14 Well, this means that Del Mar is not in that
15 sense, or any sense, an ADW provider.

16 And the reason this system was set up this way was
17 to insulate or isolate the ADW providers and the racing
18 associations, because the staff report points out that "An
19 ADW provider has to have a written agreement with racing
20 associations."

21 Well, in fact, you have no written agreement here
22 because you have Del Mar simply setting up this kind of
23 phony entity, what we've always called an alter ego, as part
24 of this platform when, in fact, the statute says if you're
25 going to have ADW, it's got to be done by an ADW licensed

1 provider.

2 And as proof of what's going on here, apparently
3 what's happened is a couple of our members have been told
4 that they will be given some additional duties to deal with
5 this platform.

6 So, it isn't as thought this is a separate ADW
7 provider, it's a racing association trying to act like, in
8 part, an ADW provider. And, certainly, if they didn't need
9 the technical support of XpressBet, they'd be doing the ADW
10 providing, themselves.

11 The statute doesn't allow that. It says you got
12 to have a separate ADW provider. You can't set up some
13 separate alter ego or some other relationship, it has to be
14 separate.

15 COMMISSION CHAIRPERSON BRACKPOOL: I understand
16 your point.

17 Mr. Broad, do you want to speak?

18 MR. BROAD: Yes, Barry Broad. I actually got
19 hired by SEIU during the year of the ADW legislation to help
20 with it. Without getting into the details, there was a sort
21 of a social contract here. Everyone recognized that ADW was
22 obviously going to further erode betting, live betting at
23 tracks. Everyone understood that. It was where everything
24 was going and it's clearly where everything has gone.

25 Whether that was a good decision or a bad

1 decision, that was the corrective decision at the time.

2 Since then, I would say that the jobs that were
3 promised to replace the jobs that were lost have just not
4 been delivered, the social contract was broken.

5 Whether people want to argue fine, hairsplitting
6 legal points about it, they understood what they were
7 signing up for and they need to argue it.

8 COMMISSION CHAIRPERSON BRACKPOOL: You've never
9 argued any of those.

10 MR. BROAD: What?

11 COMMISSION CHAIRPERSON BRACKPOOL: You've never
12 argued any hairsplitting legal points.

13 MR. BROAD: Never.

14 COMMISSION CHAIRPERSON BRACKPOOL: I just wanted
15 to be clear on it.

16 MR. BROAD: No. When I speak, I speak directly
17 from the Lord.

18 (Laughter.)

19 MR. BROAD: Anyway. As is well known, you're
20 relatively new, you are forgiven. Anyway --

21 COMMISSION VICE CHAIRPERSON ISRAEL: I thought it
22 was because you had no hair to split, basically.

23 (Laughter.)

24 MR. BROAD: Yeah, I lost it --

25 COMMISSION CHAIRPERSON BRACKPOOL: My clock just

1 went forward, your three minutes are up.

2 (Laughter.)

3 MR. BROAD: Anyway, so, I think the -- I think
4 it's up to the Horse Racing Board here to try to enforce
5 this deal. Mr. Castro's union deserves the benefit of the
6 bargain that it struck. And that is the bottom line. And I
7 think the industry needs to find ways to sign a deal and get
8 it done, and just -- you know, we're not talking about ten
9 million jobs here, we're just --

10 COMMISSION CHAIRPERSON BRACKPOOL: All right,
11 we'll on the Del Mar issue, so before we start expanding it
12 --

13 MR. BROAD: Right.

14 COMMISSION CHAIRPERSON BRACKPOOL: Thank you,
15 Barry.

16 Craig, response?

17 MR. FRAVEL: Well, I'm always reluctant to
18 contradict God. But I do believe that the subject that Mr.
19 Broad is referring to goes well beyond this particular
20 instance, and it's a grievance that I believe our mutual
21 clerks have had for a long time with the ADW companies,
22 about their representation.

23 So, setting that aside, in terms of the legal
24 arrangement, I also disagree with Mr. Rosenberg.

25 For clarification, DelMarBets.com, it's not

1 DelMar.com, we have our own website that is DelMar.com.
2 DelMarBets.com is a white label version of XpressBet. It is
3 a contractual arrangement, pursuant to which we have agreed
4 to slightly different terms. Actually marketedly different
5 terms for the economics of that transaction, which benefit
6 horsemen and tracks much more significantly than the
7 traditional ADW arrangement.

8 And, more importantly, at the end of the term we
9 were entitled to receive the names and information about
10 customers who actually sign up for DelMarbets.com.

11 Other than that, all of the activities that take
12 place in terms of accepting the wagers, processing the
13 wagers, processing accounts, handling customer service,
14 everything is done by XpressBet.

15 So, you know, if you want to call it an alter ego,
16 those are cute legal terms that I learned in law school, as
17 well, to try and accuse somebody of wrong doing. We're not
18 doing anything wrong here, we've fully disclosed what we're
19 doing. We filed a copy of the agreement with the Board.

20 It is simply a white label product, it is a
21 marketing arrangement and it is significantly better
22 advantaged to us and to our horsemen.

23 As far as representation and jobs for Mr. Castro's
24 employees, there were deals cut on that. We'd be happy to
25 sit down and talk to them about whether there are things

1 that can be done. Those discussions should involve
2 XpressBet and the other ADW companies because, candidly,
3 they're the employers, we don't hire anybody.

4 We do have a couple of their members, who we
5 utilize to make cash bets from a Del Mar Bets account, as a
6 customer service feature, and we went out of our way to make
7 sure that the union was represented in those jobs.

8 So, you know, I'd be happy to spend days
9 discussing this with Mr. Miller and staff about the
10 legalities, but we believe we're on very firm ground.

11 COMMISSION CHAIRPERSON BRACKPOOL: All right. And
12 can I just ask, as a process point, Richard, have you or any
13 of your learned expert counsel filed the arguments with the
14 Board, that you just made, or are you making them now, in
15 oral argument, only?

16 MR. CASTRO: Given a little history, Del Mar did
17 this last year and I don't believe it was in their
18 application. And I couldn't find in the transcript where it
19 was discussed and I--

20 COMMISSION CHAIRPERSON BRACKPOOL: I just want an
21 answer to my question directly, this is process only, have
22 you filed something with the Board that outlines the
23 arguments that you have just had your advisors articulate in
24 front of us?

25 MR. CASTRO: Specifically, in writing, no, I have

1 not.

2 COMMISSION CHAIRPERSON BRACKPOOL: Okay, thank
3 you. Thank you.

4 COMMISSIONER ROSENBERG: Mr. Chairman?

5 COMMISSION CHAIRPERSON BRACKPOOL: Yes,
6 Commissioner Rosenberg?

7 COMMISSIONER ROSENBERG: Just to clarify, Mr.
8 Fravel, you referred to it as a comment that I made, you
9 used my name. You meant, I think, the Ruler over there,
10 didn't you?

11 MR. FRAVEL: Oh, well, his name also happens to be
12 pretty similar to yours.

13 COMMISSIONER ROSENBERG: You think so?

14 MR. FRAVEL: But I would sooner call you the Ruler
15 than him.

16 (Laughter.)

17 COMMISSION CHAIRPERSON BRACKPOOL: Okay. If I
18 have no other comments on this issue, I'd like to --

19 COMMISSION VICE CHAIRPERSON ISRAEL: Just for the
20 record, I think you wanted to correct the track
21 superintendent.

22 MR. FRAVEL: We sent a letter to Mr. Breed, the
23 track superintendent was mistakenly listed as Steve Wood
24 and, actually, Richard Tedesco will be performing those
25 duties.

1 MR. BROAD: Thank you.

2 COMMISSION CHAIRPERSON BRACKPOOL: Thank you. Do
3 I have a motion?

4 COMMISSIONER ROSENBERG: So moved.

5 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner
6 Rosenberg moves to approve the item.

7 COMMISSION VICE CHAIRPERSON ISRAEL: Second.

8 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner
9 Israel seconds the item.

10 All in favor?

11 (Ayes.

12 COMMISSION CHAIRPERSON BRACKPOOL: Motion
13 approved.

14 MR. FRAVEL: Thank you.

15 COMMISSION CHAIRPERSON BRACKPOOL: Have a good
16 meet.

17 Item Number 10, discussion and action by the Board
18 regarding an update from Magna Entertainment Corporation
19 concerning its bankruptcy proceedings and future racing
20 operations.

21 And I guess we'll really be hearing from MID. But
22 maybe everybody could introduce themselves, address
23 themselves, so that we know where we are.

24 Are we looking for an extra chair?

25 MR. MILLS: No, I think we're covered.

1 COMMISSION CHAIRPERSON BRACKPOOL: If you would
2 please give your names and positions, that would be helpful
3 for the reporter.

4 MR. MILLS: Mr. Chairman, my name is Dennis Mills,
5 the Chief Executive Officer of MID.

6 And I would introduce my team, but before we do,
7 before I introduce the team I would like, on behalf of our
8 Chairman, Frank Stronach, to acknowledge the fantastic job
9 that Ron Charles has done over the last five and half years
10 working, not just in California, but throughout North
11 America. He has made a phenomenal contribution to the
12 business and I'm sure he will continue to do so after he has
13 a short rest. Which you all know, in this business from
14 time to time you need to take a short rest.

15 Mr. Chairman, I'd like to introduce Don Cameron,
16 the Chief Operating Officer of MID.

17 Rocco Liscio, our Chief Financial Officer, who
18 will be describing our financial sort of structure and
19 business structure of MID, which was one of the requests.

20 Ed Hannah, a lawyer and counselor.

21 And also, I'd like to announce, today, the
22 appointment of the new President of Santa Anita and Golden
23 Gate Fields, Mr. George Haines.

24 As you know, George Haines was practically born at
25 Santa Anita. His father worked there and he went on to work

1 as the mutuel manager from 1954 to '84, and went on to
2 become the assistant general manager. And up until last
3 night he was the vice president of operations and general
4 manager, and now he's the president. And so this should
5 give California racing great comfort that we have a man who
6 is in charge, with tremendous history and experience.

7 He's been with Santa Anita through the glory years
8 and we hope that he will continue to be instrumental in
9 returning the track and racing in California to the stature
10 that it richly deserves.

11 Mr. Chairman and Members of the Board, I'd like to
12 read a short, a very short, a couple of excerpts from a
13 letter that we had prepared for the Board, and that
14 essentially, all I want to touch on is that which pertains
15 to initiatives in California.

16 As you know, 15 working days ago, or April the
17 30th, MI Developments acquired direct control of Santa Anita
18 Park, Golden Gate Fields, Gulf Stream Park, the Maryland
19 Jockey Club, which includes Pimlico and Laurel Park,
20 Portland Meadows, XpressBet and Amtote, by going effective
21 with a plan of reorganization for the assets of Magna
22 Entertainment Corp., which was previously confirmed by the
23 U.S. Bankruptcy Court.

24 And since that period of time there have been a
25 lot of activity, but I would like to just focus today on

1 those issues that pertain to California.

2 In February, 2010, MID was asked to help broker a
3 solution concerning the stalemate in MEC's bankruptcy court
4 over Scotwinc, and Notwinc and other statutory claimants.
5 MID did so.

6 The claims of Scotwinc and most statutory
7 claimants have been settled and approved by the U.S.
8 Bankruptcy Court.

9 Discussions concerning Notwinc and the remaining
10 statutory claimants are ongoing, but MID is optimistic a
11 settlement can be reached there was well.

12 MID supports the current legislative changes that
13 have been proposed to the California Legislature concerning
14 regulatory relief relating to wastewater from concentrated
15 animal feeding operations at racetracks.

16 MID also supports the current legislative changes
17 proposed concerning takeout rates.

18 MID has engaged in discussions with Breeders' Cup,
19 but nothing concerning these discussions can be disclosed as
20 a result of confidentiality obligations between MID and the
21 Breeders' Cup.

22 MID has stated that Santa Anita requires less
23 restrictions on racing days for Santa Anita to become
24 commercially viable as a racing operation.

25 MID hopes that it can work collaboratively with

1 the California Association of Racing Fairs.

2 MID hopes that it can arrive at a new working
3 relationship with Oak Tree.

4 MID wishes to work with the California industry in
5 developing new types of bets that will appeal more broadly
6 to the U.S. consumer and particularly to the younger
7 demographic.

8 MID has made a commitment to the California
9 Thoroughbred trainers to fund an initiative to examine
10 alternative racing surfaces at Santa Anita.

11 MID believes that the California industry should
12 adopt unlimited out-of-state simulcasting. California
13 residents can already bet on all out-of-state races through
14 advanced deposit wagering.

15 MID believes that the California industry should
16 better realize the benefit of many satellite locations. It
17 is unfortunate, in MID's view, that Golden Gate Fields has
18 been unable to open a downtown San Francisco minisatellite
19 location and that Santa Anita has not been able to benefit
20 from the additional minisatellite locations in the greater
21 Los Angeles area.

22 In summary, Mr. Chairman and Members, we want to
23 reach out, we want to cooperate. And as I mentioned to you
24 two weeks ago, our Chairman, Frank Stronach, and our team
25 would come back in June to present what we believe would be

1 a comprehensive plan to get these assets in a profitable
2 condition, again.

3 Thank you.

4 And I would introduce Mr. Rocco Liscio, who would
5 talk about our -- or Ed Hannah, our counsel, who would talk
6 about our business structure and then our financial
7 considerations. Go ahead, Ed.

8 COMMISSION CHAIRPERSON BRACKPOOL: Well, I think
9 some of those issues will come up under some of the
10 additional items that we have on the agenda.

11 Before we got off of the letter that you've just
12 referred to --

13 MR. MILLS: Yes.

14 COMMISSION CHAIRPERSON BRACKPOOL: -- and handed
15 to us, because this seems to be somewhat of a recurring
16 theme by both MID, as an entity, and your Chairman, in both
17 what, I guess, an MID role and a personal role, as well,
18 which is bemoaning the regulation that exists in the State
19 of California.

20 My understanding is that MID, from reading your
21 filings, made an independent decision that acquiring the
22 assets of MEC was in the best interest of MID and all of its
23 holders, be it debt, equity, et cetera. Am I correct?

24 MR. MILLS: That is correct.

25 COMMISSION CHAIRPERSON BRACKPOOL: When you

1 acquired those assets, were the laws in California different
2 two weeks ago than what they are today?

3 MR. MILLS: No, the laws weren't different.

4 COMMISSION CHAIRPERSON BRACKPOOL: Right. So, you
5 made the investment and reported on what a great investment
6 it was because of all the tremendous opportunities that were
7 out there, but now all we hear is regulations have to
8 change, regulations have to change, California's broken,
9 California's, you know, outdated by 50 years, et cetera.
10 Can we tie those statements together?

11 MR. MILLS: Well, excuse me, I'm not sure I
12 understand your point. Are you suggesting that the current
13 structure is not worthy of review?

14 COMMISSION CHAIRPERSON BRACKPOOL: That wasn't my
15 question.

16 I asked you the question, when you purchased these
17 assets --

18 MR. MILLS: Yes.

19 COMMISSION CHAIRPERSON BRACKPOOL: -- right, you
20 were fully aware of what the regulations were --

21 MR. MILLS: Absolutely.

22 COMMISSION CHAIRPERSON BRACKPOOL: -- and yet you
23 still believed you were acquiring, over all, good assets.

24 MR. MILLS: Absolutely, and we stand by that.

25 COMMISSION CHAIRPERSON BRACKPOOL: Okay, and so

1 that was my question on that issue.

2 The second item, again, is that in reading your
3 annual report, you refer to each of the tracks that you've
4 purchased around the country solely by their real estate
5 acreage, no mention of what the track does, what it offers,
6 or anything else.

7 And so, when I look at that, and Santa Anita, for
8 instance, is described as 305 acres, Golden Gate is
9 described as 120, I could look it up, 120 acres, whatever
10 the number is, everything is just described as acreage. But
11 there is nothing in there that talks, in your letter to
12 shareholders, that talks about the racing possibilities of
13 those entities.

14 So, are we really to believe that MID genuinely
15 has an interest in horse racing or does it really just have
16 an interest in the underlying acreage?

17 MR. MILLS: Well, I think that -- I think that if
18 you look at our filings closely, you will see that
19 Gulfstream Park, which is an asset that we acquired, before
20 we acquired it, it had a 50 percent tax rate on the slot
21 system in California. Since we acquired it, it --

22 COMMISSIONER ROSENBERG: Florida.

23 MR. MILLS: Florida, I mean. It dropped to 35
24 percent.

25 Since we acquired the asset, the joint venture

1 with Forest City on the retail, it has opened up and it has
2 been successful, and it has made a tremendous contribution
3 to the racing program at Gulfstream Park.

4 I'm sure you're aware, you look at the numbers,
5 Gulfstream Park has had one of its most successful meets in
6 six years.

7 So, we believe that there -- we believe that there
8 is a model that exists, where we could make these assets
9 better. And we're not just going to take them over and
10 defend the status quo. It is our hope and it is our
11 intention to work with all stakeholders to try and get
12 regulations amended, changed so that the sustainability of
13 the racetrack can't be debated.

14 COMMISSION CHAIRPERSON BRACKPOOL: So, can I ask
15 you, have you introduced or sponsored any legislation to go
16 ahead and make those regulatory changes that you desire?

17 MR. MILLS: Mr. Chairman, as you are well aware,
18 we took over these assets 15 working days ago, and that is
19 why I said to you two weeks ago that we needed a little more
20 time to come and present specific ideas in your June
21 meeting.

22 You thought it would be prudent if we came out to
23 at least get the discussion started, and we agreed, and
24 that's why we're here today. But we've only had these
25 assets for 15 working days.

1 COMMISSION CHAIRPERSON BRACKPOOL: I was actually
2 thinking about the California legislative calendar, because
3 all of the quotes I read from either yourself or your
4 chairman, in the newspaper stories, as well as in here, you
5 know, bemoan the amount of regulation and the fact that this
6 Racing Board has the power to be able to tell you which days
7 you can race or which days you can't race. And we
8 understand that is a change you intend to make.

9 I just wondered whether that was legislation that
10 you intend to sponsor in this legislative session?

11 MR. MILLS: The answer is no, we intend to
12 collaborate, as we have said repeatedly, with all
13 stakeholders in California. But I think that it would be
14 more transparent for us to say that we're coming out here to
15 try and work at amending things, rather than just coming out
16 and letting them continue to drift, because the current
17 drift doesn't work.

18 Commissioner Israel?

19 COMMISSION VICE CHAIRPERSON ISRAEL: Well, I'm
20 just a regular guy, so I'm trying to figure out some things.
21 MEC no longer exists and no longer has control of the
22 assets; is that correct?

23 MR. HANNAH: MEC technically continues to exist as
24 the bankrupt estate of MEC.

25 COMMISSION CHAIRPERSON BRACKPOOL: Please identify

1 yourself?

2 MR. HANNAH: Oh, sorry. Ed Hannah, counsel to MI
3 Developments.

4 COMMISSION CHAIRPERSON BRACKPOOL: Okay.

5 MR. HANNAH: Technically, MEC continues to exist
6 as an estate in the bankruptcy court.

7 COMMISSION VICE CHAIRPERSON ISRAEL: Right.

8 MR. HANNAH: But all of the racing assets of MEC
9 have been transferred to MI Developments, Inc., and they're
10 owned by MI Developments, Inc.

11 COMMISSION VICE CHAIRPERSON ISRAEL: Okay.

12 MR. HANNAH: So, I will walk you through the chart
13 of --

14 COMMISSION VICE CHAIRPERSON ISRAEL: All right, so
15 MI Developments is the company that's going to -- that
16 proposes to operate Santa Anita, Golden Gate Fields, and all
17 the ancillary?

18 MR. HANNAH: Technically, we will not be the
19 entity operating. Technically, we will be the entity owning
20 the operating entity.

21 COMMISSION VICE CHAIRPERSON ISRAEL: Okay, you're
22 owning, okay.

23 Let me read you from pages 26 and pages 27,
24 California Horse Racing Law 2010. I think it will be called
25 Section 19483.

1 "Unless the Board finds that the purpose
2 of this chapter will be better served
3 thereby, no license to conduct a horse
4 racing meeting at any track shall be
5 issued to any person or held by any
6 person having any financial interest in
7 the conduct of any horse racing meeting
8 by any person at any other track in the
9 State. Ownership of stock in one
10 corporation by another corporations
11 constitutes a financial interest within
12 the meaning of this section."

13 Section 19484:

14 "Unless the Board finds that the purpose
15 of this chapter will be better served
16 thereby, no person licensed under this
17 article to conduct a horse racing
18 meeting at any place, track or enclosure
19 shall own or acquire any stock, or hold
20 or obtain any other financial interest
21 in any other track of another such
22 licensee or in the operation thereof, or
23 in the authorization of authorized
24 wagering on the results of horse races
25 at any such other track."

1 Now, those two laws apply in the State of
2 California. They would tend to make it illegal -- it would
3 suggest to me that it would, therefore, be illegal for MID
4 or any of its subsidiary companies to operate Golden Gate
5 Fields, Santa Anita and XpressBet.

6 In other words, you got to choose. You get to own
7 and operate one in the State of California.

8 MR. HANNAH: I know the provision exists in the
9 law, the provision has been there for a long time. That is
10 the situation that Magna Entertainment Corporation was in
11 since it acquired its second racetrack in California.

12 COMMISSION VICE CHAIRPERSON ISRAEL: A waiver was
13 granted to Magna Entertainment Corporation.

14 MR. HANNAH: The Board -- the Board has always
15 granted that waiver and permitted that to happen.

16 COMMISSION VICE CHAIRPERSON ISRAEL: Right, but
17 that corporation no longer is the shareholder in question,
18 MID is.

19 MR. HANNAH: I believe that the waiver applied to
20 the assets, applied to the licensees, and the licensees
21 continue to exist.

22 COMMISSION VICE CHAIRPERSON ISRAEL: The licenses
23 are now defunct.

24 MR. HANNAH: But, you know, if what you're saying
25 is the Board has the right to do or not do --

1 COMMISSION VICE CHAIRPERSON ISRAEL: That's right.

2 MR. HANNAH: -- the law is clear, the Board has
3 that right.

4 COMMISSION VICE CHAIRPERSON ISRAEL: That's right.

5 MR. HANNAH: I'm not going to quarrel with you on
6 that.

7 COMMISSION VICE CHAIRPERSON ISRAEL: You know, and
8 for us citizenship is an issue, being a good citizen, being
9 a good member of this State and this community.

10 And, clearly, by abrogating, at least with Oak
11 Tree, which is going to come up next, you've put them in
12 jeopardy, that's a charitable organization with an eminent
13 board, that's done a lot of good over the last 41 years for
14 California, and California racing, and a lot of
15 organizations.

16 You've also put in jeopardy California's ability
17 to host, for the next five years, the Breeders' Cup.

18 Now, the Breeders' Cup generates, as I understand
19 it, in the last couple of years, about \$60 million in
20 economic activity for Arcadia, the San Gabriel Valley and
21 Los Angeles County. That's important, that's a lot of jobs,
22 that's important to a lot of people.

23 Now, all of this is in jeopardy, now, because you
24 want to change how you've done business and how MEC did
25 business to a way that MID does business.

1 Now, that's not going to gender a lot of good
2 feelings among a lot of people in the racing community.
3 That's not an expression of goodwill.

4 What I see, when I see you guys sitting there, I
5 see BP, someone who's coming into exploit our land and our
6 people, and take it away to wherever you go, and benefit by
7 the work and hard labor of the people in California, and not
8 really give much back.

9 You're disrupting something. There are a lot of
10 things about California racing that need to change, but you
11 propose to disrupt some things that work.

12 And, you know, I learned a long time ago don't fix
13 what ain't broke, and Oak Tree ain't broke. You know, we
14 got an issue here with that.

15 MR. MILLS: So, Mr. Commissioner, your point is
16 taken and as we said in our letter, we met yesterday with
17 the president of Oak Tree, and we said that we would go back
18 and meet with him on June the 4th, and it is our hope that
19 we can come up with something that is constructive for both
20 parties.

21 COMMISSION VICE CHAIRPERSON ISRAEL: Well, strong
22 arm don't work. You know, I grew up in New Jersey, you
23 know, in a town of New Jersey, where the leading cause of
24 death was wearing a wire, probably.

25 (Laughter.)

1 COMMISSION VICE CHAIRPERSON ISRAEL: And the
2 second leading cause of death was going swimming with
3 concrete shoes. So, you know, strong arm tactics aren't
4 really effective, I learned that from a lot of losers I grew
5 up with.

6 MR. MILLS: Well, with respect, Mr. Commissioner,
7 we're not strong arming anyone and we're not using wires, or
8 whatever you referred to, that's not our approach.

9 COMMISSION CHAIRPERSON BRACKPOOL: I think,
10 Dennis, you have to understand that there has been a great
11 deal of concern as to what the takeover would mean. Your
12 chairman came out and made various statements that almost
13 universally, in the California horse racing world, were
14 taken to be hostile statements. You know, if we can't race
15 year round, we will close it down. You know, there will not
16 be a new track unless we get, there will not be, et cetera.

17 Your first act as MID, right, is to go out and
18 cancel a nonprofit for the benefit of horsemen's lease.

19 Now, I don't know whether anyone down here has any
20 public relations background but, to me, that didn't seem
21 like the opening act of we're different, this is going to be
22 the right way to do this.

23 So, that is why you have raised the level of
24 concern that you have. I then read various documents you
25 have, such as describing all of the facilities only by the

1 total number of acres that they have, and that doesn't calm
2 my concerns, and it's probably the same for everybody else
3 here, right.

4 We have, you know, testimony going back where your
5 chairman came out two years ago, three years ago, and made
6 various comments about what he felt about the California
7 horse racing industry and what he was going to do to change
8 it, and the commitments he was going to make. Those
9 commitments didn't happen.

10 So, it may be a different corporate entity, but
11 it's controlled in identical percentage equity terms by the
12 same person. So, it's very, very difficult to sit here and
13 say that was then, this is now, without people -- people
14 genuinely sitting there, scratching their heads, saying,
15 well, I wonder what is different now, what did happen to the
16 bonds at Santa Anita.

17 MR. MILLS: Mr. Chairman, I want to repeat, we
18 took these assets over 15 days ago. We said that we would
19 come back with a comprehensive plan for the meeting in June
20 and we hope that we can pass your test, that's our hope.

21 COMMISSION CHAIRPERSON BRACKPOOL: Right, I
22 understand. I'm just sitting here, explaining to you --

23 MR. MILLS: Your point is taken.

24 COMMISSION CHAIRPERSON BRACKPOOL: -- why people
25 on the Board feel as strongly as they do and why people

1 within the industry feel as strongly as they do. You know,
2 there is a very determined process that we have in
3 California if you wish to change a law. You know, go get a
4 member of the Legislature to agree with you, to carry that
5 bill. That bill, then, has to make it through various
6 committees, both houses, the Assembly and the Senate, and it
7 has to be signed by the then governor for it to become law.

8 Right. We have been holding, since January of
9 this year, regular legislative meetings, because this
10 Governor has been very supportive in his comments, since
11 January, about the fact we need changes.

12 Every single Commissioner, sitting up here, has
13 made those changes, has made -- has echoed the fact that we
14 need those changes.

15 Every meeting we have here people stand in front
16 of us and testify about the changes that are necessary. We
17 have certain absolutes that are very difficult to change
18 here. We have initiatives that have been approved by
19 voters. We have tribal compacts that we have to deal with.
20 We have different issues in this State to other states.

21 I would still contend that our racing product is
22 second to none in the United States, that our weather is
23 second to none, our ability to host major events is second
24 to none. But we have constraints that we have to operate
25 within.

1 And I think what is not appreciated is when we see
2 public statements that stand up as if nobody else in this
3 room, and I'm now going to take the liberty of speaking for
4 the horse racing generally, in this room, as if nobody else
5 in this room believes we need any change, and everybody else
6 believes everything is fine. That's not the case at all.

7 I don't think MID owns the right to say, you know,
8 we're the only people who are for change and you're all a
9 bunch of, you know, ostrichs stuck out there with your head
10 in the sand for the last 50 years. That's not the case and
11 that's what we're reacting and responding to.

12 MR. MILLS: I accept your comments, Mr. Chairman.

13 COMMISSION CHAIRPERSON BRACKPOOL: Do I have
14 comments from other Commissioners?

15 COMMISSIONER ROSENBERG: I have a question.

16 COMMISSION CHAIRPERSON BRACKPOOL: Yes,
17 Commissioner Rosenberg.

18 COMMISSIONER ROSENBERG: Yeah, Mr. Mills, before I
19 go and ask the question, I got to make full disclosure here
20 that I also was raised in a small town in New Jersey, with
21 the same kinds of --

22 (Laughter.)

23 COMMISSIONER ROSENBERG: But my question is, in
24 your letter, the third paragraph talks about MID as a public
25 company, which must obtain an adequate rate of return. You

1 make the comment that:

2 "MID conducted detailed discussions with
3 the entity interested in running Santa
4 Anita Racetrack and offered to lease
5 Santa Anita to that entity.

6 Unfortunately, that entity was unwilling
7 to pay rent on Santa Anita as a
8 racetrack that provided anywhere near a
9 market rate of return."

10 And my first question is, did those discussions
11 take place in the last couple of weeks since MID took over
12 the property from bankruptcy?

13 MR. HANNAH: Those discussions took place more
14 than in the last couple of weeks, they were quite a while
15 ago. And there's not a lot more we can say because we're
16 under confidentiality restrictions with the entity.

17 COMMISSION VICE CHAIRPERSON ISRAEL: Well, who
18 were they with?

19 MR. HANNAH: We can't disclose that.

20 COMMISSION CHAIRPERSON BRACKPOOL: I don't think
21 that was the question. I think the question that the
22 Commissioner -- the first question is --

23 COMMISSIONER ROSENBERG: Well, the first question
24 was, was it basically during the bankruptcy proceeding that
25 these discussions took place with --

1 MR. HANNAH: It was during the occurrence of the
2 bankruptcy proceeding.

3 COMMISSIONER ROSENBERG: I presume it wasn't
4 technically with MID? It was with MEC, correct?

5 COMMISSION CHAIRPERSON BRACKPOOL: It would have
6 been with MEC, correct?

7 MR. HANNAH: No, they were with MID at that time.

8 COMMISSION CHAIRPERSON BRACKPOOL: They were with
9 MID?

10 MR. HANNAH: With MID, yes.

11 COMMISSION CHAIRPERSON BRACKPOOL: As a
12 prospective owner of MEC?

13 MR. HANNAH: One has to remember what happened
14 during the bankruptcy proceeding. We were the secured
15 creditor in respect of a large amount of money to MEC. MID
16 had always been clear in its public statements that it
17 wanted to maximize the value of the loans that it had
18 outstanding to MEC.

19 There was, as this letter states, basically, MEC
20 was being supervised by the bankruptcy court, it had
21 retained its own advisors, Miller Buckparr (phonetic), they
22 were running a sales process in respect of all of the
23 assets.

24 We were not a part of that sales process, but we
25 were monitoring it because, obviously, we wanted to achieve

1 the greatest possible value in the realization of our
2 security on those loans.

3 So, during that entire process, MID was having
4 discussions with people on various assets concerning ways in
5 which that value could be maximized.

6 COMMISSION VICE CHAIRPERSON ISRAEL: Who, from
7 MID, had the conversations that were described in the
8 letter, on the bottom of page 1 and onto page 2. Those are
9 the conversations you're referring to, right, Richard?

10 COMMISSIONER ROSENBERG: Yes. The bottom of page
11 1.

12 COMMISSION VICE CHAIRPERSON ISRAEL: Yeah.

13 MR. MILLS: The management of MID had discussions
14 with that party.

15 COMMISSION CHAIRPERSON BRACKPOOL: Let me ask you
16 a question because you may not be familiar, because this has
17 been a subject of every Board meeting since I've been on the
18 Board, beginning in October, which is the Scotwinc/Notwinc
19 amounts owed.

20 I have to say that it's pretty tough for me to sit
21 here and read these words, "In February 2010 MID was asked
22 to help broker a solution concerning the stalemate in MEC's
23 bankruptcy court over Scotwinc, Notwinc, and other statutory
24 claimants."

25 MR. MILLS: Right.

1 COMMISSION CHAIRPERSON BRACKPOOL: As far as we
2 understand, MEC had adamantly refused to pay over what were
3 absolutely trust monies, monies held in trust. The
4 California Legislature passed legislation that stated these
5 were monies held in trust.

6 Did MID also oppose these motions to pay this
7 money prior to becoming a broker in February of 2010?

8 MR. HANNAH: No, the only action that MID ever
9 officially took in the bankruptcy court was after this
10 settlement and solution had been reached, we filed a
11 statement of support in favor of the settlement and the
12 solution.

13 COMMISSION CHAIRPERSON BRACKPOOL: So, who were
14 the managers of MEC that were opposing the payment of these
15 statutory claims during the bankruptcy?

16 MR. HANNAH: That, I can't really give you the
17 answer to because, as Mr. Mills stated earlier, MEC was
18 basically a corporation under the supervision of the
19 bankruptcy court, with its own management team that was
20 running that process.

21 COMMISSION CHAIRPERSON BRACKPOOL: So, but the
22 management team who were running the bankruptcy process,
23 what happened to them?

24 MR. HANNAH: The senior management team of MEC
25 has -- they're all gone, right, because they no longer have

1 those assets. There's a plan administrator in place under
2 the bankruptcy process.

3 COMMISSION CHAIRPERSON BRACKPOOL: Right, so who
4 were the senior managers of MEC that the California racing
5 entities were reporting into? I'm trying to get to the
6 personnel.

7 MR. HANNAH: I can only tell you the names of
8 persons I'm aware of.

9 COMMISSION CHAIRPERSON BRACKPOOL: Yeah.

10 MR. HANNAH: The CEO through that process was a
11 gentleman by the name of Greg Rayburn. The CFO was a
12 gentleman by the name of Blake Tohana. The general counsel
13 was an individual by the name of Bill Ford.

14 COMMISSION CHAIRPERSON BRACKPOOL: So, nobody in
15 the MID management team signed or supported those motions at
16 all, even though you were the DIP lender, you never took a
17 position as the DIP lender on any of those motions?

18 MR. HANNAH: Mr. Brackpool, I was present at a
19 meeting, I believe, with you, and Mr. Mills, and Mr.
20 Stronach in February, in which we reported to you at that in
21 respect of all of those issues, we had not gotten involved
22 within the context of the bankruptcy court. And that was
23 because there were procedures and mechanisms put in place
24 respecting Magna Entertainment Corporation very early in the
25 bankruptcy process, in which they wanted to be sure that it

1 was -- the management was occurring in a way that Mr.
2 Stronach was not directly involved.

3 MID was still an entity, of which the Stronach
4 Trust controlled, so that's why we took, other than, you
5 know, efforts to protect the value of our assets and
6 monitoring what was going on in the process, we never took
7 an active role in the bankruptcy proceedings until the point
8 at which, in January, a plan of reorganization was jointly
9 proposed by MID, by the Unsecured Creditors Committee to the
10 court, and by MEC, to the court, which resulted in these
11 assets now coming in the possession of MI Developments.

12 At that meeting in February, and that's what this
13 letter is referring to, you specifically raised the Notwinc
14 and Scotwinc issues.

15 COMMISSION CHAIRPERSON BRACKPOOL: Right.

16 MR. HANNAH: And you asked us to get involved. At
17 that point we actually indicated to you that we didn't feel
18 we could get involved, for the very reasons I just stated
19 and, hopefully, you recall that.

20 We went away from that meeting, we understood the
21 importance of the issue to California, we understood the
22 request that you had made, and we did get very actively
23 involved.

24 In fact, I was one of the individuals who was
25 very, very actively involved in trying to come to those

1 conclusions. You can check with Drew Couto, who was acting
2 on behalf of those entities, I'm sure he will confirm that.

3 We then came to the solution that I think everyone
4 was --

5 COMMISSION CHAIRPERSON BRACKPOOL: No, I know what
6 happened, I know what happened post then.

7 MR. HANNAH: One thing I would like to go on
8 record, just to make it clear to everybody, the settlement
9 that was reached was a settlement that was reached in
10 respect of the southern part of California.

11 Right now we are engaging in discussions on the
12 northern part of California. The northern part of
13 California is actually the flip side of what was going on in
14 the south. We are owed, or the Magna former -- the Pacific
15 Racing Association is owed significant amounts of money by
16 Notwinc, and the amounts of money that the Pacific Racing
17 Association are owed by Notwinc, a very significant
18 component of that are actually statutory deductions that
19 weren't being paid to us.

20 So, you know, I understand the desire and the
21 vigilance of this Board in trying to assure that statutory
22 deductions are paid but, you know, I asked for the same
23 vigilance, I wanted to show you that we were, especially now
24 MID, that we are the controlling entity of Pacific Racing
25 Association, we now have a subsidiary that is owed a

1 significant amount of money that are statutory deductions.

2 COMMISSION CHAIRPERSON BRACKPOOL: But in answer
3 to my specific question, as a secured lender and as the
4 debtor in possession lender did you ever file any objections
5 to the statutory payments being paid out?

6 MR. HANNAH: No, we -- MID did not file any
7 objections to that. The only matter it filed was in support
8 of the Scotwinc settlement.

9 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

10 COMMISSION VICE CHAIRPERSON ISRAEL: I'd like to
11 ask you to explain what legislative changes you support,
12 those which you oppose, those which you might propose?

13 MR. MILLS: Mr. Israel, we mentioned to your
14 Chairman and we say here that as we've taken these assets
15 over 15 working days ago, and we would like to come back and
16 be very specific next month.

17 COMMISSION VICE CHAIRPERSON ISRAEL: I understand.
18 But you come here with a letter --

19 MR. MILLS: Yes.

20 COMMISSION VICE CHAIRPERSON ISRAEL: -- that's,
21 you know, not a short letter, it's four or five pages. You
22 know, I write for a living so I get to count -- I count
23 pages. And, you know, in this letter there are a lot of
24 sweeping statements and it's incumbent upon us to inquire
25 what you mean?

1 MR. MILLS: Well, for example, on page 3 we're
2 very specific. "The current legislative changes that are
3 being proposed to the California Legislature concerning
4 regulatory relief relating to wastewater from concentrated
5 animal feeding operations."

6 COMMISSION VICE CHAIRPERSON ISRAEL: Okay.

7 MR. MILLS: That's a -- that is something that we
8 support and hope is achieved because it's a \$20 million
9 capex for Santa Anita if it's not achieved.

10 COMMISSION VICE CHAIRPERSON ISRAEL: Okay. Well,
11 then, I need more specificity, such as what you just
12 provided, on this bullet point: "MID has stated that Santa
13 Anita requires less restrictions" -- actually, it should be
14 fewer, if somebody were writing properly -- "on racing days
15 for Santa Anita to be commercially viable as a racing
16 operation."

17 What do you mean by that?

18 MR. MILLS: Well, as you are aware, there is a
19 challenge to creating Santa Anita as a sustainable entity
20 with the current number of racing dates and we're hoping
21 that there comes a time in the future that we may end up
22 with more racing dates.

23 COMMISSION CHAIRPERSON BRACKPOOL: Well, let me
24 just respond to that for a moment. If you go back over the
25 decades, Santa Anita was a remarkably successful operation.

1 It was a remarkably profitable operation.

2 What has changed for Santa Anita is not that it's
3 running on a reduced racing schedule, what has changed are
4 the economics of our great sport. And that has changed for
5 everybody.

6 Now, one possible solution to that may be you race
7 more. And if you have read any of the testimony of either
8 this Board and/or the committees that all of us look after
9 and run, you will see that that's definitely been something
10 we've talked about. But we've also talked about many, many
11 other ideas and initiatives as well.

12 What we get and, you know, I can read various
13 press statements from your chairman, that have been made as
14 recently as a couple of weeks ago, are threats.

15 MR. MILLS: There's no intention to threat, Mr.
16 Chairman. There are times when our chairman comes across as
17 a threat, but you can't challenge his love or passion for
18 the thoroughbred industry.

19 COMMISSION VICE CHAIRPERSON ISRAEL: Let me -- I
20 used to -- let me finish. I used to live in Chicago for a
21 while, when Richard --

22 (Laughter.)

23 COMMISSION VICE CHAIRPERSON ISRAEL: -- when
24 Richard J. Daley was the mayor, and he used to say things
25 like "shoot to kill" that he really didn't intend, and he

1 would always say "write what I mean, not what I say." Is
2 that what you're suggesting here?

3 MR. MILLS: Well, Mr. Israel, I'm sure you're
4 aware that -- and I guess you're referring to the chairman
5 right now?

6 COMMISSION VICE CHAIRPERSON ISRAEL: Yes, I am.

7 MR. MILLS: Our chairman has invested close to a
8 half a billion dollars, personally, in the thoroughbred
9 racing industry over the last 25 years.

10 COMMISSION VICE CHAIRPERSON ISRAEL: Okay, thank
11 you.

12 MR. MILLS: You can't debate his love or his
13 passion for the industry, or his personal financial
14 commitment to the industry.

15 What we're saying here is that sometimes in the
16 joust of a debate things are said, it's no different than
17 what you've just said about wires and whatever the other
18 expressions are that you used.

19 COMMISSION VICE CHAIRPERSON ISRAEL: You wear a
20 wire under your shirt.

21 MR. MILLS: Pardon me?

22 COMMISSION VICE CHAIRPERSON ISRAEL: Wearing
23 wires, you wear it under your shirt, it transmits to the
24 cops.

25 MR. MILLS: Well, whatever you were saying, I knew

1 you didn't mean it literally and it was a colloquialism.

2 So, as you use colloquialisms, sometimes our
3 chairman does.

4 But, please, his commitment to the thoroughbred
5 industry is pretty --

6 COMMISSION VICE CHAIRPERSON ISRAEL: His insisting
7 he wants to race 52 weeks a year, three days a week, a
8 colloquialism?

9 MR. MILLS: Yes.

10 COMMISSION VICE CHAIRPERSON ISRAEL: Oh, it is.
11 Okay.

12 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner
13 Derek?

14 COMMISSIONER DEREK: Yeah, I'd like to make a
15 comment. You keep repeating that you've only been there for
16 15 days.

17 MR. MILLS: We've had control of the asset, yes.

18 COMMISSIONER DEREK: You've had control 15 days,
19 you've been so disruptive, potentially damaging to some of
20 our best institutions in California racing in 15 days and
21 now you're asking for 30 days, approximately, to report back
22 to us --

23 MR. MILLS: Oh, next month, yes.

24 COMMISSIONER DEREK: -- how you're going to, as I
25 see, repair or correct these damages. And I don't -- I

1 don't know why we should have to wait that long. I would
2 like to see some kind of progress as you go along, some kind
3 of report on how you're correcting these situations. The
4 whole industry had to step up and help Oak Tree in your 15
5 days.

6 MR. MILLS: I think that's a fair request. We'd
7 be happy to give you progress --

8 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner
9 Moss. Commissioner Moss?

10 COMMISSIONER MOSS: I think in any kind of a
11 business operation or in any kind of a situation there is
12 the matter of timing. And as you can tell from this Board,
13 and I think from the industry as a whole, we've passed that
14 time. You know, we need to know what our largest investor
15 is planning to do.

16 There's the area of the debt that's owed to these,
17 a debt of trust that I think our Chairman referred to, but
18 more than that there's the industry in itself, they need
19 certainty, they need to know what's happening at this great
20 race place. They need to deal with where they're kids are
21 going to go to school next year. I mean, there's a whole
22 range of things, are we going to New York to run our horses
23 or are we going to stay here?

24 This is a major point, the Breeders' Cup can give
25 us -- may give California a tremendous opportunity of

1 rebirth, an incredible situation. I mean, I think the
2 Chairman mentioned \$60 million a year flooding into the
3 State because of these events and perhaps we can have an
4 extended stay of the Breeders' Cup. We need to know
5 something. We've been delayed, and delayed, and delayed
6 and, you know, I mean this is something I would say to
7 Frank, personally, we need answers. And the more we get
8 answers and the quicker we get answers, I think you'll find
9 this Board to be more receptive.

10 MR. MILLS: Mr. Moss, your point is taken. I
11 can't debate with you, we agree. We just took these assets
12 over, we're moving as fast as we can, and we will -- I will
13 take Commissioner Derek's point and as fast as we can get
14 things done, we'll report to you.

15 COMMISSION CHAIRPERSON BRACKPOOL: But what I want
16 you to understand, then we'll move onto the next item, but
17 what I want you to understand is you go to that mission
18 statement we have there, right, part of our function is to
19 promote horse racing.

20 To go to Commissioner Derek's point, right, MID
21 has come in here and you're like a bull carrying around your
22 own china shop. It has been an unmitigated disaster in your
23 first 15 days in terms of helping promote the sport.

24 We all, up here, have an absolutely obligation to
25 promote this sport. You have an -- as I told you this

1 directly, you have every right to go and seek legislative
2 relief, changes, and everything else.

3 What we are also upset about up here is not your
4 right to be able to do it, we're not arguing your right to
5 be able to do it, every special interest in here has got
6 some piece of legislation that they're trying to run through
7 and they'll be successful or they won't be successful, or
8 whatever.

9 But we try and do it in a way that maintains the
10 integrity of the sport with the betting public and everybody
11 else, that's what we're here trying to do.

12 So, my humble advice to you is you just need to
13 tone it down a little bit, because if you're still working
14 on what your proposals really are, then don't say anything
15 until you know what your proposals really are, instead of
16 the statements that have been made in the first 15 days.
17 And that's really my point.

18 We have some speakers before you go to the issue
19 and then we'll go --

20 MR. HANNAH: Chairman Brackpool, may I just,
21 please, make one statement?

22 COMMISSION CHAIRPERSON BRACKPOOL: You may.

23 MR. HANNAH: And this isn't meant to be
24 confrontational, it's not meant to be a threat. You know,
25 after the dialogue I've just heard, I'm confused as to what

1 confrontation and a threat is. I do know what a wire is.

2 COMMISSION VICE CHAIRPERSON ISRAEL: Good.

3 MR. HANNAH: But I do know under the wire act,
4 it's a different definition.

5 But, anyways, the one thing and it's why it's in
6 this letter and, you know, I heard Commissioner Derek's
7 comment and, as Dennis said, it is understood and it's taken
8 by us to take away and consider.

9 But the reason why the language was put in this
10 letter about when the sale process was being run, not by us,
11 but by others, the most serious bidders, the ones offering
12 the greatest amount of money were offering the money only on
13 Santa Anita as a real estate asset.

14 You know, or MID, I represent, so I'm just counsel
15 to them, MID came in and through the plan of reorganization
16 now has control of the California racing assets in Santa
17 Anita Park.

18 You know, the one thing that's in this letter and
19 maybe we haven't focused on it enough, it's the call to
20 action at the end. It's, you know, as an industry, let's
21 collaborate to achieve a comprehensive solution to make
22 California horse racing commercially viable.

23 COMMISSION CHAIRPERSON BRACKPOOL: But that's what
24 we've been saying.

25 MR. HANNAH: Yes. But please understand that, you

1 know, you're referred to MID as an unmitigated disaster and
2 the unmitigated disaster --

3 COMMISSION CHAIRPERSON BRACKPOOL: No, I didn't
4 refer to MID, I said the initial 15-day entrance was an
5 unmitigated disaster.

6 MR. MILLS: Your point is taken.

7 MR. HANNAH: Yeah. But, you know, the point I'm
8 trying to make, and please to help people understand, is the
9 unmitigated disaster probably would have been this asset
10 being acquired by a third party, that wasn't prepared to
11 even try to make racing part of it.

12 COMMISSION CHAIRPERSON BRACKPOOL: Right. And I
13 did not refer to MID as an unmitigated disaster, I referred
14 to the entrance.

15 MR. HANNAH: Yes. And that's why I wanted
16 to -- yes, thank you.

17 COMMISSION CHAIRPERSON BRACKPOOL: Before
18 we -- no, don't go, we have some speakers to the issue.

19 MR. HANNAH: Oh, sure.

20 COMMISSION CHAIRPERSON BRACKPOOL: Richard --

21 MR. SCHEIDT: It's Scheidt.

22 COMMISSION CHAIRPERSON BRACKPOOL: -- Scheidt,
23 from the TOC.

24 MR. SCHEIDT: I've been all kinds of names, as you
25 can imagine. Thank you for trying, I appreciate that.

1 My name is Richard Scheidt and I'm the TOC
2 Director of Operations for Northern California.

3 I'm not here in front of you today on behalf of
4 TOC, but instead, here at the request of Arnold Zecher,
5 who's the Chairman of TRAC, T-R-A-C.

6 Arnold has asked me to read a letter to you on his
7 behalf, as he's not been able to make it here today.

8 The letter reads:

9 "Chairman Brackpool and honorable
10 Members of the Board, as many of you are
11 aware, in early 2009 the TOC established
12 a Thoroughbred Racing Association of
13 California, known as TRAC, for the sole
14 purpose of acquiring or leasing Santa
15 Anita Park when Magna Entertainment went
16 into bankruptcy. TRAC is a nonprofit
17 entity and its mission is preserve the
18 quality of racing by operating
19 racetracks throughout California in
20 perpetuity. TRAC is comprised of
21 established business leaders with strong
22 ties to the Thoroughbred racing
23 industry. Although TRAC is a nonprofit
24 entity, the goal of TRAC is to make
25 money. The net income from racing

1 operations, however, will be reinvested
2 in the facilities and purses benefitting
3 all horsemen. Virtually every racing
4 organization in California expressed
5 support of this venture. When the
6 bankruptcy courts ruled that MID could
7 acquire Santa Anita as a creditor of
8 Magna, Magna pulled the property from
9 the bankruptcy sale with the objective
10 of MID owning it. TRAC continued to
11 negotiate with MID in hopes of leasing
12 and operating Santa Anita on a long-term
13 basis. That, too, was stopped when MID
14 decided they wanted to operate the
15 track, themselves. The TOC and other
16 individuals invested significant amount
17 of money to facilitate this process and
18 were disappointed when discussions were
19 halted. Nonetheless, the goal of TRAC
20 continues and the purpose of this letter
21 is to express to CHRB that TRAC is
22 dedicated to operating Thoroughbred
23 racetracks throughout California. In
24 that regard we are very interested in
25 and more than willing to accept racing

1 dates to accomplish this goal through
2 the acquisition or leasing of a
3 facility. TRAC wants to work with any
4 Southern California venue to facilitate
5 and manage a successful racing circuit
6 in our State. In that regard, we feel
7 that operating tracks on a not-for-
8 profit basis will ensure stability in
9 horse racing and TRAC is committed to
10 making racing better for owners,
11 trainers, jockeys and the industry as a
12 whole. With Oak Tree operating its
13 historical meet and TRAC operating the
14 remaining Santa Anita dates, horsemen
15 would be in control of their future and
16 have only one objective, preserving
17 quality horse racing in California. The
18 founders of TRAC are available to help
19 in any way they can. Thank you for your
20 time and please do not hesitate to
21 contact Arnold Zecher so he can provide
22 additional information and answer any
23 questions. Sincerely, Arnold Zecher."

24 COMMISSION CHAIRPERSON BRACKPOOL: Thank you. Can
25 you please provide MID with all that information?

1 MR. SCHEIDT: Sure, I have --

2 COMMISSION CHAIRPERSON BRACKPOOL: Would you
3 entertain a discussion with Mr. Zecher?

4 MR. MILLS: We're open to anybody who comes to us,
5 that would try and make California racing better. We
6 continue to talk to people about making California racing
7 better.

8 COMMISSION CHAIRPERSON BRACKPOOL: Well, given
9 that Mr. Zecher has outed himself out of the confidentiality
10 agreement, I assume that this is the party that you were
11 referring to or were there possibly two?

12 MR. HANNAH: I do not want to violate the terms of
13 a nondisclosure agreement, so I can't -- we can't comment on
14 that.

15 COMMISSION VICE CHAIRPERSON ISRAEL: You're a good
16 lawyer.

17 MR. SCHEIDT: I have copies for all the folks.

18 COMMISSION CHAIRPERSON BRACKPOOL: Thank you, that
19 would be very good. Thank you very much, indeed.

20 We're now going to move to -- you can actually
21 stay where you are, if you would.

22 Oh, before we go, Dr. Arthur would like to speak
23 to this issue, I apologize.

24 DR. ARTHUR: Yes, Dr. Arthur, Equine Medical
25 Director for the California Horse Racing Board.

1 I would like to point out that there are statutory
2 monies due the Center for Equine Health, at the University
3 of California, in the sum of \$56,138 and to the Maddy
4 Laboratory in the sum of \$108,971 that have not been paid
5 and are still outstanding.

6 That does not include \$39,000 for TCO2 testing at
7 Santa Anita and Golden Gate Fields, which the University
8 recognizes was a unsecured asset.

9 COMMISSION CHAIRPERSON BRACKPOOL: But listing the
10 statutory payments --

11 DR. ARTHUR: We're talking about statutory
12 payments.

13 COMMISSION CHAIRPERSON BRACKPOOL: Okay, but
14 listing the statutory payments, the Chapter 11 process is a
15 well-defined, well-structured process. So, were they listed
16 as statutory payments and, if so, were they paid? And if
17 not, why not?

18 MR. ARTHUR: They were not paid and the University
19 lawyer did consult with Mr. Miller and with the AG's office
20 that was consulting with the Horse Racing Board.

21 COMMISSION CHAIRPERSON BRACKPOOL: Right. But my
22 point is that they must, therefore, and I can ask MID this,
23 they must not have been listed by the court as statutory
24 payments.

25 MR. HANNAH: I believe the situation is I do not

1 believe that the Regents of California were a plaintiff in
2 the action that was brought before the Chapter 11 court
3 concerning the statutory payments. And I believe that they
4 have filed a claim in the Chapter 11 court, but they have
5 described them as a tax priority payment. And I think, you
6 know, we're not -- there's a plan administrator that's
7 dealing with the bankrupt estate for MEC. I'm not sure how
8 they plan to deal with that claim, but I think they were
9 confused by the characterization of it as a tax priority
10 payment.

11 MR. MILLS: But we will follow through and report
12 back to you on this subject.

13 MR. HANNAH: Yes.

14 COMMISSION CHAIRPERSON BRACKPOOL: That would be
15 good, yes. And my only point, Rick, is to be fair to these
16 guys for a moment, at the end of the day, when there's a
17 plan confirmation, there is a schedule of which payments
18 they have to make. I'm absolutely sure they have made all
19 of the payments that are on that schedule.

20 If these are not on there, then it's an ongoing
21 dispute in front of the court. But let's hear back.

22 MR. HANNAH: But we will follow through.

23 COMMISSION CHAIRPERSON BRACKPOOL: And if we could
24 not wait until the next Board meeting, if we could see some
25 correspondence that lists them.

1 MR. HANNAH: Absolutely, we'll do that right away.

2 COMMISSION CHAIRPERSON BRACKPOOL: And you can
3 just characterize what the nature of the claimant is and
4 what the court's response is.

5 MR. HANNAH: Yeah, we'll request that from the
6 plan administrator at MEC, because it's not our process,
7 it's their process.

8 DR. ARTHUR: I think this is a good citizenship
9 issue that the Board should take into consideration.

10 I would also like to point out that we heard about
11 how terribly California has been operated in a regulatory
12 structure. I would challenge these people to produce how
13 much cash flow came out of California to support MEC over
14 the history they've been here, and you're talking about well
15 over a hundred million dollars.

16 COMMISSION CHAIRPERSON BRACKPOOL: Okay, thank
17 you.

18 You wished to say something else, Dennis?

19 MR. MILLS: We're not going to comment on that.

20 COMMISSION CHAIRPERSON BRACKPOOL: No, I wasn't
21 asking you to, that was why.

22 MR. MILLS: Okay.

23 COMMISSION CHAIRPERSON BRACKPOOL: Let's go to
24 Item Number 11. We are going to require responses from MID,
25 I'm sure. So, if you wish, some of you can stay, some of

1 you can go. But I would ask Mr. Chillingworth to come forth
2 on Item Number 11.

3 MR. CHILLINGWORTH: Good morning. I'm Sherwood
4 Chillingworth, Executive Vice President of Oak Tree Racing.

5 And before we get into a discussion of the -- our
6 specifics on our negotiations with MID as to extending our
7 lease, I'd like to run back over a little history about Oak
8 Tree.

9 It was founded in 1969 by eight guys, who took out
10 their own money, in those days it was probably four or five
11 million dollars, today that's not very much, in those days
12 it was, and they took the risk of opening that meeting.

13 And the idea was that from the end of Del Mar to
14 the beginning of Santa Anita there was a big hiatus in the
15 schedule and, as we all know, owners, and trainers and the
16 people who work for them are dependent on running races and
17 earning money.

18 So, this group thought it would be a good idea to
19 form this not-for-profit company and dedicate all of its
20 profits to the industry, for industry purposes.

21 One of the things that -- yesterday, we talked
22 with Mr. Mills and his officials and I asked him when they
23 were going to make their proposal to us and that succeeded
24 three others we had. He said June 4th.

25 And he admonished me to remember that Santa Anita

1 was not making sufficient profit to be a justifiable
2 economic investment. So, I got from that, that maybe we
3 were going to be asked to give money to Santa Anita to
4 rectify that problem.

5 Right now we give them over \$4 million a year,
6 they take 75 percent of our profits, so it's not a
7 insignificant amount. Apparently, somebody on the satellite
8 radio, I guess Matt Haggerty, from the Daily Racing Form,
9 said we were paying a dollar a year rent. Well, I wish he'd
10 come here and pick up the bill.

11 At any rate, one of the things we have a problem
12 with is that if you increase the rate of return to Santa
13 Anita and Golden Gate Fields, this is going back to satisfy
14 the shareholders, people that live out of the state,
15 probably most of them, and the money that we're getting is
16 going directly to the industry, is going to California to
17 help the -- our main purpose in life is to make things
18 better for the industry and one of our major goals is to
19 increase purses because we're losing owners.

20 So, we think that we're taking all of our money
21 and giving it to charity and to the racing industry, not to
22 our shareholders. And I think that's important, if we're
23 trying to improve racing in California, we've got to start
24 spending money here.

25 Alluding back to our negotiations, Dennis and I,

1 and Don Cameron met for lunch on May 6th and we were talking
2 about the extension and the conditions thereof, and they
3 said we only have two requests of you. And I listened to
4 both of them and I thought they were -- even though they
5 required us to put up some capital, which we're not required
6 to do under our present lease, that it was acceptable.

7 So, I checked with our executive committee, they
8 agreed to it. So, I called them back and said, yes, we're
9 all set, and they said we'll be in tomorrow morning, at ten
10 o'clock, to sign the written agreement.

11 They showed up at eleven o'clock and said, well,
12 we have a problem with our bankruptcy proceedings and we
13 have to return immediately to Toronto, but we'll send you a
14 format, you know, a proposal by Friday. I didn't get one
15 for that Friday or the following Friday, and I kept sending
16 them e-mails saying where's the contract.

17 I finally received one signed by Don Cameron,
18 which was, just to put it mildly, well beyond our economic
19 capabilities.

20 In addition there to, they wanted to take away our
21 dates for the Breeders' Cup and give us no compensation.

22 Well, if you will look at our records, which we
23 have, the year that we run Breeders' Cup live we lose a
24 million dollars in our earlier meet and I can show you the
25 states on that, it just absolutely works like a plot every

1 year. We compared 2002, 2004 with 2003, which was a
2 Breeders' Cup year, and we lost a million dollars either
3 side.

4 We averaged 2004, '05, and '06, and '07 against
5 2008 and '09, we lost a million dollars every year average.

6 So, we can't do without the income derived from
7 Breeders' Cup, it ruins the rest of our meet.

8 I'm told that we are going to be treated equitably
9 and they're going to make a proposal to us in July -- excuse
10 me, on June 4th, and I just want to be sure that this is
11 going to be a reasonable proposal.

12 We have, fortunately, some friends in the
13 business, both Hollywood Park and Del Mar have agreed to let
14 us run there, if we have to leave. We've been at Santa
15 Anita for 41 years, we'd like to preserve that tradition.

16 And one of our founders, the last founder alive is
17 Dr. Robbins, and his desire would be to stay at Santa Anita.

18 But we have to look at the economic facts and if we're
19 going to help the industry out, we have to be able to make
20 some money to do it.

21 So, that's my statement.

22 COMMISSION CHAIRPERSON BRACKPOOL: Okay. I have
23 some public speakers. Would anybody on the Board like to
24 speak before I ask the public speakers?

25 COMMISSION VICE CHAIRPERSON ISRAEL: Thank you,

1 Chilly.

2 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner
3 Derek?

4 COMMISSIONER DEREK: I'm just wondering, the
5 demands that you asked, that you couldn't financially agree
6 to, are you able to tell us what those were?

7 MR. CHILLINGWORTH: Well, I don't want to
8 embarrass anybody here, but the total --

9 COMMISSIONER DEREK: I think you were embarrassed,
10 big time.

11 MR. CHILLINGWORTH: The total amount involved was
12 in excess of, I would guess, 15 or 16 million dollars.

13 COMMISSION VICE CHAIRPERSON ISRAEL: Over how much
14 time?

15 MR. CHILLINGWORTH: Well, it would be to
16 immediately to give them -- to loan them \$10 million to put
17 in their track and other facilities. We would pay for 25
18 percent of all track related capital related improvements.
19 Right now, we give them two and a half million dollars a
20 year in rent, which was designed to cover our not having to
21 make capital improvements.

22 And we just -- we're -- our net worth is probably
23 12 and a half million dollars, without paying the taxes,
24 first, to get the money to give to them.

25 COMMISSION CHAIRPERSON BRACKPOOL: We understand

1 the point.

2 MR. CHILLINGWORTH: Yeah.

3 COMMISSION CHAIRPERSON BRACKPOOL: We understand
4 the point.

5 And again, I think before I go to the public
6 speakers, I think again, the representatives from MID,
7 sitting here, I'm sure will have received probably very good
8 legal advice that they had every right to cancel this lease.

9 I just make the point that we have asked this question by
10 MEC's representative every single meeting since October and
11 we have been given assurances that got warmer, and warmer
12 and warmer, so much so that we were looking for sun lotion.

13 And this happened with 24 hours to go at the end
14 and that's what gets everybody so upset, it becomes a major
15 issue in all of the racing publications, and all of the
16 sudden everybody is cross-firing everywhere, and so that's
17 the concern we have.

18 But before I get to -- I'm going to make a
19 statement on behalf of the Board in a moment, before I do
20 that, I'd like to have some public speakers.

21 So, if you'd stay where you are for this.

22 MR. MILLS: Yeah.

23 COMMISSION CHAIRPERSON BRACKPOOL: I guess, first
24 of all, I would ask, just as a matter of organizational
25 decency, whether MID wishes to respond to anything that's

1 been said or would just like the record to stand with Mr.
2 Chillingworth's statement.

3 COMMISSIONER MOSS: The record stands.

4 COMMISSION CHAIRPERSON BRACKPOOL: Thank you,
5 Dennis.

6 So, let's go in order here, I have Gregory Ferraro
7 from the UC Davis Center for Equine Health. Dr. Ferraro, I
8 apologize.

9 DR. FERRARO: That's fine. I am Dr. Greg Ferraro,
10 I'm the Director of the Center for Equine Health, at UC
11 Davis.

12 And I'm sure I'm not telling the Board anything
13 they don't already know, but I wanted to make a public
14 record of it. That as the founding president of Southern
15 California Equine Foundation several years ago, 1976, and as
16 now the current Director of the Center for Equine Health at
17 UC Davis, I can tell you that neither of those organizations
18 would exist had it not been for Oak Tree.

19 Oak Tree funded the original Southern California
20 Equine Foundation program. They're responsible for the
21 hospitals being present on the back side of the racetracks.
22 They're -- as a co-designer of the Kimsey ambulance and the
23 Kimsey splint, I can tell you that those items would not
24 exist had it not been for Oak Tree willing to put up the
25 money to develop the concept and institute those devices on

1 the back side, those ambulances that are now in use world
2 wide.

3 We turn to the Center for Equine Health, from 1973
4 until 1987 Oak Tree virtually supported the Center for
5 Equine Health until 1987, when the simulcast account
6 wagering bill was passed and the Center began to receive
7 support from the industry in general.

8 Oak Tree was the primary supporter of that
9 institution.

10 So, much of the advancements that have been made
11 in the care of horses, racehorses, particularly, can be
12 directly related to Oak Tree's willing to step up to the
13 plate. They have continued to support us for over 35 years.

14 Every year they have contributed money to us,
15 significant amounts of money. And so, without their support
16 or without a support of an organization similar to Oak Tree,
17 much of the advancement in the care and treatment of horses
18 would not be possible.

19 COMMISSION CHAIRPERSON BRACKPOOL: Thank you very
20 much, indeed.

21 Next, I have Cliff Goodrich. Cliff wants to
22 describe himself as a long-time concerned industry member.

23 Do we all get this editorial description of
24 ourselves?

25 MR. GOODRICH: Well, it said your affiliation, so

1 I felt I had to --

2 COMMISSION CHAIRPERSON BRACKPOOL: Ah.

3 COMMISSION VICE CHAIRPERSON ISRAEL: Well, you are
4 long and one of --

5 MR. GOODRICH: And I really am unaffiliated and,
6 really, my comments are unsolicited.

7 COMMISSION CHAIRPERSON BRACKPOOL: I understand.

8 MR. GOODRICH: But I preceded, actually, Mr.
9 Charles and now Mr. Haines, and congratulations, George, as
10 president of Santa Anita, I was president for some 15 years,
11 was the chief negotiator of the original Oak Tree lease, and
12 this is probably, now, the step-child of that lease.

13 In the under-statement of the year, it is a lease
14 that greatly favors the landlord. I negotiated on behalf of
15 the landlord, Los Angeles Turf Club. At the end of the day,
16 could Magna make more money if there were no Oak Tree?
17 Probably.

18 But I think, and I hope, and I've never had the
19 pleasure of meeting Mr. Mills or his team, but I think there
20 is no doubt, and I am a big advocate of Santa Anita's, there
21 isn't anybody in this room or in the industry that believes
22 as Santa Anita goes, so goes the industry in California, if
23 not the United States.

24 And I think that is what is so frightening, as
25 Chairman Brackpool indicated, of the opening act of the

1 first 15 days under MID, because Oak Tree has been an
2 exemplary licensee for 41 years. No one has done this
3 industry more good.

4 I realize Magna operates for profit, but at times
5 you have to do what's best for the whole. And without
6 interfering, hopefully, in any way with the contractual
7 process, I do hope things are worked out between Santa Anita
8 and Oak Tree because I can tell you, Mr. Mills, this
9 industry realizes its future lies in Santa Anita's future,
10 and collaboration is the key word.

11 And I hope the opening act does include Oak Tree
12 because I think it will get things off to a better start.

13 COMMISSION CHAIRPERSON BRACKPOOL: Thank you,
14 Cliff.

15 MR. CHILLINGWORTH: By the way, in the first
16 comment, he made that deal before I got there.

17 (Laughter.)

18 COMMISSION CHAIRPERSON BRACKPOOL: That was going
19 to be in your performance review by your own board, Cliff.

20 Next speaker, Alan Balch.

21 MR. BALCH: Alan Balch. My affiliation is CTT,
22 but I'm appearing as a private individual and a fellow, with
23 Joe Harper over here, from the Jurassic era.

24 When Chilly and I talked about me standing up for
25 Oak Tree, which is a great pleasure to do, it occurred to me

1 that 39 years ago tomorrow I went to work at Santa Anita.

2 I was in my early twenties, Joe had started a few
3 weeks earlier, he was in a closet in the accounting
4 department at Santa Anita. That was the acorn from which
5 the mighty Oak Tree grew.

6 I represented L.A. Turf before Cliff did. I,
7 ultimately, became a senior vice president at Santa Anita
8 and was involved in these negotiations pre-Chilly.

9 When Oak Tree was formed, those original founders,
10 only one of whom are still alive today, were jointly and
11 severally liable for the risk taken in starting that
12 meeting.

13 People think, now, there was no risk. Joe and I
14 were talking the other day, the first opening day we were
15 both there, we were sitting in the Brazilian Room at Santa
16 Anita, wondering when the first car would come into the
17 parking lot.

18 People have forgotten what a tremendous investment
19 Oak Tree made to fill out that calendar. And these
20 founders, who sat there, by the time in the mid-eighties,
21 when Oak Tree was very successful by them, most of the
22 original founders were still there, and for the first
23 Breeder's Cup negotiation, which I'm sure Cliff was in, and
24 I was in, Joe was in, to talk about those people standing
25 the risk of putting the Breeders' Cup on and making that

1 contribution. Which, over all the Breeders' Cup that Oak
2 Tree has hosted, has been a multiple of many millions of
3 dollars in direct contribution to the Breeders' Cup, not to
4 mention bringing those \$60 millions into California and
5 California racing many times over.

6 Oak Tree is that kind of an asset, it is an
7 exemplar of the sport, and everybody who has been here for
8 all these decades understands that.

9 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

10 Marsha. Marsha Naify.

11 MS. NAIFY: Hi, Marsha Naify, Chair TOC. I'm here
12 representing, today, the Board of Directors of the
13 Thoroughbred Owners of California, and the over 9,000
14 horsemen and women who own racehorses across this State.

15 We believe that the Oak Tree Racing Association is
16 essential to racing and owners in California. Oak Tree has
17 been a mainstay of racing for over 40 years in Southern
18 California.

19 We owe a tremendous debt of gratitude to Dr. Jack
20 Robbins and the other founders of Oak Tree.

21 Today, Oak Tree is considered one of the finest
22 race meets in the United States and is well renowned for its
23 turf racing.

24 Due to its excellent management, Oak Tree has been
25 selected to host five Breeders' Cup World Thoroughbred

1 Championships, and the Oak Tree Charitable Foundation has
2 contributed over \$4.7 million to industry charities in its
3 40 years of existence.

4 We cannot imagine a racing calendar that does not
5 include an Oak Tree meet. And if Oak Tree cannot reach an
6 agreement with MID, then that meet should be run at another
7 facility and our board would fully support such a move.

8 Thank you.

9 COMMISSION CHAIRPERSON BRACKPOOL: Thank you,
10 Marsha.

11 The last speaker I have on the issue, Bob Fox,
12 California Thoroughbred Breeders Association.

13 MR. FOX: Thank you, Mr. Chairman. Bob Fox, on
14 behalf of the California Thoroughbred Breeders Association.

15 Doug Burge wanted to be here, but he had another
16 commitment and was unable to make it.

17 I just wanted to make one comment and that is, as
18 all of you know, the CTBA and Oak Tree have had a long-
19 standing, excellent relationship. And I think when you
20 listen to the contributions that Oak Tree has made, that
21 were listed by Dr. Ferraro, you'll understand why.

22 And so I just wanted to make sure that the Board
23 understood that CTBA fully supports Oak Tree, what they've
24 done in the past and what we know they can do in the future.

25 Thank you.

1 COMMISSION CHAIRPERSON BRACKPOOL: Thank you very
2 much.

3 Before I make a motion, do any other Commissioners
4 have anything to say or to --

5 MR. BELLUOMINI: Can I make one comment?

6 COMMISSION CHAIRPERSON BRACKPOOL: Please.

7 MR. BELLUOMINI: This was unplanned, I'll be
8 really brief. I'm Chris Belluomini, I've been here for a
9 year, and I just wanted to say thank you to the Oak Tree
10 Charitable Association for your charitable gift to us. And
11 if you know what the RTC already does, and without your
12 support, you know, again, with the closure of Bay Meadows
13 and other things, we've taken a hard hit. But thank you to
14 organizations, like the Oak Tree Association, that has
15 helped us. So, thank you and we'd love to see it continue
16 to be supported.

17 COMMISSION CHAIRPERSON BRACKPOOL: Thank you,
18 thank you.

19 Look, I think it's been very clear from the
20 testimony we've received from the public speakers, as well
21 as the Board's comments during the day, that we believe that
22 Oak Tree is vital to the industry, the contributions it
23 makes to the industry are paramount, they're not
24 replaceable. And we absolutely believe that Oak Tree must
25 continue.

1 So, I'm going to make the following motion and
2 then ask for a vote, and I'll read the motion.

3 "The California Horse Racing Board hereby
4 finds, based upon the report of Oak Tree
5 Association, Executive Vice President
6 Sherwood Chillingworth, that the venue
7 previously occupied by the Oak Tree
8 Racing Association is 'not available for
9 racing' for 2010. Therefore, pursuant
10 to the provisions of Business and
11 Professions Code Section 19532.1, the
12 California Horse Racing Board authorizes
13 the Oak Tree Racing Association to
14 utilize the 2010 race dates allocated to
15 the Association at another thoroughbred
16 horse racing venue in the Central or
17 Southern Zones."

18 That is the motion. Obviously, if that motion is
19 passed, there would be a revised application to come back,
20 making sure we had all of the paperwork, et cetera.

21 But I'm happy to offer that motion.

22 COMMISSION VICE CHAIRPERSON ISRAEL: I'll second
23 it.

24 COMMISSION CHAIRPERSON BRACKPOOL: Vice Chairman
25 Israel seconds the motion.

1 Do I have -- all in favor?

2 (Ayes.)

3 COMMISSION CHAIRPERSON BRACKPOOL: The motion
4 carries unanimously.

5 MR. CHILLINGWORTH: Thank you very much. Thank
6 you.

7 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

8 (Applause.)

9 COMMISSION CHAIRPERSON BRACKPOOL: Moving on to
10 Items 12, 13 and 14, I would like to take in unison, because
11 they're the MID licensing motions.

12 So, could I have MID or Pacific Racing and LATC
13 represented? Please come forth.

14 MR. MILLS: Mr. Chairman, on these issues Mr.
15 Haines will be --

16 COMMISSION CHAIRPERSON BRACKPOOL: Please, once
17 again, for the record, just state your name, or whoever's
18 speaking, for the court reporter.

19 MR. MILLS: Dennis Mills, CEO of MID.

20 MR. HANNAH: Ed Hannah, counsel with MID.

21 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

22 MR. HARTMAN: Robert Hartman, General Manager,
23 Golden Gate Fields.

24 MR. HAINES: George Haines, President, Santa Anita
25 Racetrack.

1 COMMISSION CHAIRPERSON BRACKPOOL: Eventually.

2 MR. HAINES: Thank you.

3 MR. CAMERON: Don Cameron, CEO of MID.

4 COMMISSION CHAIRPERSON BRACKPOOL: Okay. Look,
5 we've been through this the last hour, I think you have a
6 good feel as to what's going on. As Commissioner Moss said,
7 we want you to be involved in this, we want you -- you're an
8 owner of -- we would like this to be a successful venture.
9 Let's hope we can put the last 15 days behind us and get off
10 on a better footing.

11 However, there are many, many unanswered questions
12 at this stage. And I think that the feeling here is
13 certainly one that we need some protection. We have the
14 issues that we have to discuss, that Vice Chairman Israel
15 raised, which are the issues as to multiple ownership, which
16 is prohibited without a waiver.

17 We've got various statements that have been made
18 that let's hope they were colloquialisms. But if they're
19 not colloquialisms, then we'll need some body armor to
20 protect ourselves against them.

21 So, what I would like to do is to make a series of
22 motions that would effectively grant the licenses, but grant
23 them for a defined short-term period until you can provide
24 us with the information that your letter says you're going
25 to provide us with, our staff have the chance to ask every

1 question we have, we can look at the suitability of you
2 owning the three interests and whether that's good for
3 racing or bad for racing, we can see where we end up.

4 And it gives you a chance to respond in a timely
5 fashion, which you were very open with me about, Dennis,
6 that said you needed some time to be able to put all the
7 information together.

8 So, you know, I don't think we want to do anything
9 that penalizes anybody in the short term, but we do need
10 these answers.

11 And I don't think that I would be prepared,
12 certainly, not speaking for the others, but I don't think I
13 would be prepared to vote for a long-term, permanent license
14 based on what we've seen, endured or heard over the last,
15 you know, days and today. But let's hope that the answers
16 are there and we can all work together.

17 As you've correctly say, you've now got several
18 hundred million dollars invested in this, so you should be
19 as incentivized as anyone to make sure this happens.

20 I believe we can all work together on some
21 legislation. But again, as I said, nothing stops you
22 running your own, that's absolutely your right to be able to
23 do that. But everything has to be done, in our view, in the
24 name of promoting this great sport and do that.

25 MR. MILLS: We understand and respect your view.

1 COMMISSION CHAIRPERSON BRACKPOOL: So, with that
2 and to move the meeting along, unless you have something
3 else, David, before I start?

4 Okay, so to do that, let me -- one second.

5 Okay, as for Agenda Item Number 12, the Board
6 moves to approve the amended application of the Pacific
7 Racing Association to conduct the remainder of the
8 winter/spring race meet at Golden Gate's racetrack through
9 the June 13th date, the remainder of the meet, up to and
10 including the date of the July meeting of the California
11 Horse Racing Board, tentatively set for July 22nd, 2010, at
12 the Del Mar simulcast facility, Del Mar, California.

13 As for Agenda Item Number 13, the Board moves to
14 approve the Pacific Racing Association application for
15 authorization to adopt the simulcast wagering facility at
16 Golden Gate Fields to and including the date of the July
17 meeting of the California Horse Racing Board, tentatively
18 set for July 22nd, 2010, at the Del Mar simulcast facility,
19 Del Mar, California.

20 As for Agenda Item Number 14, the Board moves to
21 approve the Los Angeles Turf Club, Inc. application for
22 authorization to operate the simulcast wagering facility at
23 Santa Anita Park to and including the date of the July
24 meeting of the California Horse Racing Board, tentatively
25 set for July 22nd, 2010, at the Del Mar simulcast facility,

1 Del Mar, California.

2 The Pacific Racing Association, the Los Angeles
3 Turf Club and their parent, Magna International Developments
4 Investments, Inc., are hereby reminded that race dates
5 previously allocated to the two associations are not the
6 property of those associations.

7 All horse racing dates granted in California have
8 been, are now, and will remain under the exclusive
9 jurisdiction of the California Horse Racing Board.

10 Further, the Pacific Racing Association, the Los
11 Angeles Turf Club, and Magna International Developments
12 Investments, Inc. are hereby notified that the California
13 Horse Racing Board intends to place on the Board's June
14 meeting agenda an item requiring the three above entities to
15 submit detailed reasons and plans as to why the Board should
16 allocate any future race dates to the Pacific Racing
17 Association, Los Angeles Turf Club.

18 The agenda item shall state the reasons and plans
19 and are to be submitted to the executive staff -- that
20 should have been the July Board meeting, not the June Board
21 meeting. To the executive staff by July the 1st, 2010, and
22 to require representatives of those three entities to attend
23 the July Board meeting and explain those reasons.

24 MR. MILLS: So, for clarification, Mr. Chairman,
25 where you mentioned June there, towards the end, you meant

1 July.

2 COMMISSION CHAIRPERSON BRACKPOOL: July.

3 MR. MILLS: Fair enough.

4 COMMISSION CHAIRPERSON BRACKPOOL: No, it's on the
5 June --

6 EXECUTIVE DIRECTOR BREED: It would be a June
7 agendaed item.

8 COMMISSION CHAIRPERSON BRACKPOOL: Well, it would
9 be a June agenda item and submit the package by July the
10 1st.

11 STAFF COUNSEL MILLER: For clarification purposes,
12 Robert Miller, counsel for the California Horse Racing
13 Board. The agenda item in June will be the official
14 notification to you of the July meeting.

15 MR. MILLS: Right.

16 STAFF COUNSEL MILLER: But since the Board needs
17 and the executive staff needs that plan and your reasoning
18 prior to the meeting, that's why the July 1st date is there.

19 MR. MILLS: Mr. Chairman, if I may just have one
20 small amendment, I think in two places you referred to our
21 corporate name as Magna International Developments, Inc.
22 The proper name is MI Developments, Inc. If that change
23 could please be made?

24 COMMISSION CHAIRPERSON BRACKPOOL: Yes, the court
25 reporter will please make the change to the correct name, MI

1 Developments, Inc.

2 And before we take the vote, Commissioner Harris?

3 COMMISSIONER HARRIS: I think it would also be
4 prudent to have something, I'm not sure how we do it, but
5 some sort of a guarantee from MI Developments on the
6 financial worthiness. I don't know if we can guarantee all
7 the vendors --

8 COMMISSION CHAIRPERSON BRACKPOOL: That's what
9 will become part of the package. So, all they're being
10 granted right now is a license to continue to operate until
11 the date of the July meeting. In between that they have to
12 submit the package and we will debate at the July meeting,
13 as a Board, what we believe any additional security or
14 guarantees are that we require.

15 COMMISSIONER HARRIS: Yeah, because that's going
16 to be a key point.

17 MR. MILLS: Mr. Chairman, following up on Mr.
18 Harris's point, we did come prepared to talk about our
19 financial worthiness, but we're quite happy to defer it
20 until the next meeting.

21 COMMISSION CHAIRPERSON BRACKPOOL: Well, I want to
22 do it in the context of what we need from the licenses when
23 we see the plans.

24 MR. MILLS: Fair enough.

25 COMMISSION CHAIRPERSON BRACKPOOL: Because if I

1 take the colloquialisms as facts, then I would have some
2 different issues that would have to be addressed with the
3 guarantees.

4 MR. HAINES: And I'd like for everybody to
5 understand that the waivers of the restrictions imposed by
6 law, on granting multiple licenses to the same entity, are
7 only temporary and will be reviewed by us and we will
8 consider whether or not to continue them.

9 We're in a position now, in the State of
10 California, where there are no longer any other conflicts,
11 other than the ones held by MI Developments. Bay Meadows no
12 longer operates in two different race meets, they only
13 operate Hollywood Park. And Youbet is in the process of
14 being taken over by Churchill Downs, so it would no longer
15 be owned by any other licensees, such as Mr. Liebau.

16 So, you know, the sole remaining conflict in the
17 State is Magna.

18 MR. MILLS: Okay.

19 COMMISSION CHAIRPERSON BRACKPOOL: So, with that
20 can I ask for -- I will -- I have made the motion by reading
21 it out. Can I ask for a second?

22 MR. HAINES: Second.

23 COMMISSION CHAIRPERSON BRACKPOOL: Second,
24 Commissioner Israel.

25 All in favor?

1 (Ayes.)

2 COMMISSION CHAIRPERSON BRACKPOOL: All opposed?

3 No. No, John's here. John's an aye, as well. So,
4 unanimous.

5 Before you go, I have one speaker, who has just
6 handed me a card at the end, Craig Fravel wishing to speak
7 on these items.

8 MR. FRAVEL: Yeah, Mr. Chairman, I believe
9 Mr. Israel clarified what I was going to comment on, that if
10 there is a finding inherent in this motion that it is in the
11 best interest of California racing that they operate more
12 than one entity, I would hope that if other parties have an
13 interest in challenging that at future meetings, that would
14 not be changed by this motion, so that's what I was going to
15 say.

16 COMMISSION CHAIRPERSON BRACKPOOL: No, this motion
17 just protects the status quo of what was, you know, the PRA
18 and LATC --

19 MR. FRAVEL: Right.

20 COMMISSION CHAIRPERSON BRACKPOOL: -- until
21 they're -- and as far as the clarification of dates, I
22 understand what counsel had said because I had spoken to him
23 about it before. I'm not sure, if I was sitting in the
24 audience, I would have understood it.

25 So, following this meeting, please make it a point

1 to become absolutely crystal clear as far as our dates. We
2 just have a procedure that has to follow, that is not
3 entirely logical, but it's because of a public records --

4 MR. HANNAH: I think it's materials in by July 1,
5 to be on the agenda of the July 22nd meeting.

6 COMMISSION CHAIRPERSON BRACKPOOL: It is, but we
7 have to notice it on the June meeting to be able to do it,
8 so you have it from there.

9 MR. HANNAH: Thank you.

10 COMMISSION CHAIRPERSON BRACKPOOL: Thank you very
11 much.

12 MR. MILLS: Thank you.

13 COMMISSION CHAIRPERSON BRACKPOOL: Before I move
14 to the -- thank you.

15 Before I move to the last item on the agenda, I
16 have to apologize, Assemblyman Joe Coto is here, Chair of
17 the GO Committee. And I apologize, he's been sitting here,
18 but I had to get through that last issue.

19 So, I'd like us all to welcome a great Legislator.

20 (Applause.)

21 COMMISSION CHAIRPERSON BRACKPOOL: A friend and
22 supporter. And, Assemblyman, I apologize we had to wait for
23 that until we went through, otherwise, I'd have had you
24 speaking on a bunch of issues and that probably wouldn't
25 have been where you wanted to go.

1 Okay. Item Number 15, discussion and action by
2 the Board regarding certification of the eligibility of any
3 prospective operator of a race meeting at the Del Mar Race
4 Track to be licensed to conduct horse racing as under the
5 Food and Agricultural Act 4356.

6 Jackie, are you speaking to this?

7 REGULATIONS/LEGISLATION MANAGER WAGNER: Jackie
8 Wagner, CHRB staff. I'm just going to give you a little bit
9 of background on this particular item.

10 COMMISSION CHAIRPERSON BRACKPOOL: Quickly.

11 REGULATIONS/LEGISLATION MANAGER WAGNER:
12 Absolutely. The Food and Ag Code provides that the CHRB
13 shall, at the request of the Commission, certify the
14 eligibility of any prospective licensee or user of the
15 property to be licensed to conduct a race meeting at the Del
16 Mar Race Track.

17 The least of the Del Mar Race Track expired at the
18 end of 2009. However, Del Mar was granted a one-year lease
19 to operate the facility through December 31st, 2010.

20 Our staff counsel was informed by the DAG that --
21 who's working with the Commission, that the CHRB will be
22 asked to certify the eligibility of the prospective licensee
23 for the Del Mar Track.

24 COMMISSION CHAIRPERSON BRACKPOOL: I'm sorry. Can
25 we be quiet at the grazing station, if we can? Thank you.

1 REGULATIONS/LEGISLATION MANAGER WAGNER: In
2 response to that, staff is putting forth Board Rule 1432,
3 which is the Board may demand information as the proposed
4 formula for the Board to consider, when it receives
5 the --

6 COMMISSION CHAIRPERSON BRACKPOOL: This is really
7 a timing issue?

8 REGULATIONS/LEGISLATION MANAGER WAGNER: Yes, it
9 is.

10 COMMISSION CHAIRPERSON BRACKPOOL: Which is all
11 we're doing here is that we're notifying people that if they
12 wish to apply, under the RFP --

13 REGULATIONS/LEGISLATION MANAGER WAGNER: Correct.

14 COMMISSION CHAIRPERSON BRACKPOOL: -- they have to
15 tell us who they are and fill out their application with us
16 by June the 1st.

17 REGULATIONS/LEGISLATION MANAGER WAGNER:
18 Absolutely. And the Board -- our other suggestion is the
19 Board may wish to require those prospective operators of Del
20 Mar to present a detailed proposal, which includes a five-
21 year projection for the facility, as well as the other
22 components that are in the rule.

23 COMMISSION CHAIRPERSON BRACKPOOL: Yes,
24 definitely.

25 Before I go to a vote on this, make a motion,

1 Craig Fravel, you wish to speak on this issue?

2 MR. FRAVEL: No, I just wanted to correct
3 something in the agenda that indicated that the proposals
4 were due on the 2nd, I believe. The proposals are due on
5 August 16th, but your time frame, I think, works fine for
6 everybody.

7 COMMISSION CHAIRPERSON BRACKPOOL: Yeah. So,
8 Jackie, if we make this motion and approve this, will we
9 post a notice, send out a notice, include it in the bidder's
10 pack, what will happen?

11 REGULATIONS/LEGISLATION MANAGER WAGNER: The RFP,
12 as I understand it, has -- will be submitted by the DAG.
13 Once they identify who their prospective operators are,
14 they're going to contact us and ask us what our plan would
15 be, how we will be evaluating them. And at that time we'll
16 let those prospective operators know that this is what the
17 Board wants to do, we want to see a projected proposal from
18 them for five years.

19 COMMISSION CHAIRPERSON BRACKPOOL: Right.

20 REGULATIONS/LEGISLATION MANAGER WAGNER: And we'll
21 go from there.

22 MR. FRAVEL: I do think it's important to note,
23 though, that the RFP actually requires applicants to produce
24 evidence that they are eligible for such certification. So,
25 that may require -- for example, if somebody already owns or

1 holds a license in California, the Board may have to make a
2 finding that they're eligible to go for the same financial
3 interests, discussion you just went through.

4 COMMISSION CHAIRPERSON BRACKPOOL: Right.

5 MR. FRAVEL: So, I think the work needs to be done
6 prior to -- like my earlier point, it needs to be done prior
7 to --

8 COMMISSION CHAIRPERSON BRACKPOOL: No, I
9 understand. I understand.

10 So, Jackie, do you have wording of a motion for me
11 here, because I'm happy with the June 1st motion, but I
12 almost need a motion, some wording that --

13 REGULATIONS/LEGISLATION MANAGER WAGNER: I don't
14 have any right off the top of my head, but the motion could
15 contain the components that --

16 COMMISSION CHAIRPERSON BRACKPOOL: Well, I'll tell
17 you what, I'll tell you what, why don't we do this, while
18 we're going to go to Item 16, and while we do, you and
19 Commissioner Smith [sic] are going to sit there and you're
20 going to draft the wording of the motion that says June the
21 1st, and submit the detailed plan by, you know, date X.
22 It's just a matter of coming up with wording, so we don't
23 waste everybody else's time while we're drafting a motion.

24 So, we're going to come back to Item 15 in one
25 minute -- or counsel, yeah, would be even better.

1 And we're going to go to Item 16 on the agenda.
2 Item 16 is discussion and action by the Board on the
3 approval of the service, steward and official veterinarian
4 contracts for fiscal year 2010-2011.

5 Commissioner -- I mean, Assistant Director Bon
6 Smith, please.

7 ASSISTANT EXECUTIVE DIRECTOR SMITH: Mr. Chairman,
8 Bon Smith, Assistant Executive Director.

9 Before you, you have a list of our proposed
10 estimated fiscal year 2010-11 service contracts. This is a
11 requirement of State Contracting Manual that boards and
12 commissions receive a copy of the motion approving and
13 authorizing execution of the agreement of these contracts in
14 excess of \$5,000 each.

15 Included are our service contracts for drug
16 testing, for hearing officers, for court reporting, for our
17 claims processing with the State Controllers Office, for our
18 veterinarians and stewards.

19 COMMISSION CHAIRPERSON BRACKPOOL: I have read
20 them. I've read exhibit. Does anybody have any questions
21 on the exhibit?

22 Commissioner Harris looks as if he's about to have
23 one.

24 COMMISSIONER HARRIS: No.

25 COMMISSION CHAIRPERSON BRACKPOOL: No. Maybe?

1 COMMISSIONER HARRIS: No, I think it's just clear
2 that all these people are necessarily contracted with, but
3 they could be contracted with.

4 ASSISTANT EXECUTIVE DIRECTOR SMITH: That's
5 correct, these are not amounts of money that are committed
6 to be expended with these, they're maximums.

7 COMMISSION CHAIRPERSON BRACKPOOL: These are the
8 maximums that would be under there, right.

9 VICE CHAIRMAN ISRAEL: Up to and including.

10 COMMISSION CHAIRPERSON BRACKPOOL: Yes.

11 COMMISSIONER HARRIS: And then none of these imply
12 that someone has a certain assignment.

13 COMMISSION CHAIRPERSON BRACKPOOL: No.

14 ASSISTANT EXECUTIVE DIRECTOR SMITH: No.

15 COMMISSION CHAIRPERSON BRACKPOOL: All in favor?
16 Well, someone make a motion. Commissioner Rosenberg's going
17 to make the motion, he says he hasn't had one today.

18 COMMISSIONER ROSENBERG: Would you like to
19 rephrase that for me?

20 COMMISSION CHAIRPERSON BRACKPOOL: And
21 Commissioner Moss would like to second the motion.

22 COMMISSIONER MOSS: Sure.

23 COMMISSION CHAIRPERSON BRACKPOOL: And
24 Commissioner Israel will refrain from any more New Jersey
25 colloquialisms.

1 VICE CHAIRPERSON ISRAEL: Yeah.

2 COMMISSION CHAIRPERSON BRACKPOOL: And so motion
3 approved, thank you.

4 Back to motion 15, Jackie, are you going to read
5 me the motion? Okay.

6 REGULATIONS/LEGISLATION MANAGER WAGNER: The
7 motion for Item 15 will be as follows, the CHRB hereby moves
8 to require prospective licensees to submit documentation as
9 required by Rule 1432, to include a detailed proposal and
10 disclosure of its proposed racing program, purse program,
11 officials, principals or shareholders, plant premises,
12 facility finances, lease agreements, agreements, contracts
13 and such other information as the Board may require to
14 determine the eligibility and qualifications of the
15 association or person to conduct a race meeting.

16 COMMISSION CHAIRPERSON BRACKPOOL: Okay, I'm happy
17 to make that motion.

18 Do I have a second?

19 VICE CHAIRPERSON ISRAEL: Second.

20 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner
21 Israel seconds the motion.

22 Before we take a vote on the motion, Craig Fravel,
23 from Del Mar.

24 MR. FRAVEL: I think the motion left out a date
25 that it has to be filed by.

1 COMMISSION CHAIRPERSON BRACKPOOL: Ah, I didn't
2 think so, I thought you said June 1st.

3 REGULATIONS/LEGISLATION MANAGER WAGNER: June 1st,
4 is that what we had decided? June 1st.

5 COMMISSION CHAIRPERSON BRACKPOOL: Counsel, I
6 thought it was June 1st that we had to have the
7 applications --

8 STAFF COUNSEL MILLER: I thought it was August the
9 17th or 16th.

10 COMMISSION CHAIRPERSON BRACKPOOL: Let's read the
11 motion, again, with the correct dates in there.

12 MR. FRAVEL: August the 16th was the date by which
13 the proposals have to be filed. So, your process has to be
14 complete before then. I don't want to tell you when you
15 should set your dates.

16 COMMISSION CHAIRPERSON BRACKPOOL: Right.

17 MR. FRAVEL: What I'm saying is that the process
18 has to accommodate that.

19 COMMISSION CHAIRPERSON BRACKPOOL: Well, June 1st
20 is unreasonable if we're today telling somebody on May 17th,
21 so June 15th. So, June 15th.

22 REGULATIONS/LEGISLATION MANAGER WAGNER: Submitted
23 by June 15th.

24 COMMISSION CHAIRPERSON BRACKPOOL: Yeah. So, the
25 motion is -- if this works for the court reporter, the

1 motion is taken as read, with the date inserted as June
2 15th, or would it be clearer if we re-read the motion?

3 REGULATIONS/LEGISLATION MANAGER WAGNER: No.

4 COMMISSION CHAIRPERSON BRACKPOOL: No. So, we're
5 good with June 15th.

6 I made the motion, probably the most confused
7 motion I've ever made in my life, Commissioner Israel
8 seconded.

9 All in favor?

10 (Ayes.)

11 COMMISSION CHAIRPERSON BRACKPOOL: That concludes
12 the Open Agenda items. This Board will now convene into
13 Closed Session and come back after Closed Session to adjourn
14 the meeting. Thank you.

15 (Thereupon the California Horse Racing Board

16 Regular Meeting resolved into Closed

17 Session at 1:33 p.m. and the

18 Public Session reconvened at 2:12 p.m.)

19 COMMISSION CHAIRPERSON BRACKPOOL: Do you want to
20 say something?

21 COMMISSIONER DEREK: Meeting adjourned.

22 (Thereupon, the California Horse Racing Board

23 Regular Meeting adjourned at 2:12 p.m.)

24 --oOo--
25

CERTIFICATE OF REPORTER

I, RICHARD A FRIANT, a Certified Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing Meeting of the California Horse Racing Board; that thereafter the recording was transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, or in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of May, 2010.

Richard A. Friant, CER**D-479