

APPEARANCES

COMMITTEE MEMBERS

Chuck Winner, Chair

Madeline Auerbach, Vice Chair

Jesse Choper, Commissioner

Alex Solis, Commissioner

Araceli Ruano, Commissioner

Fred Mass, Commissioner

STAFF

Rick Baedeker, Executive Director

Jacqueline Wagner, Assistant Executive Director

John McDonough, Chief Counsel

Phil Laird, Staff Counsel

Mike Marten, Associate Analyst

ALSO PRESENT

Greg Baugh, Del Mar Thoroughbred Club, Barretts Sales

John Valenzuela, Local 280

Cory Soltall, Arabian Racing Association of California

Scott Daruty, Santa Anita

Michael Brown

Eric Sindler, Santa Anita Park

Nate Newby, Santa Anita Park

Greg Avioli, California Marketing Committee

Alan Balch, California Thoroughbred Trainers

APPEARANCES

ALSO PRESENT

Larry Swartzlander, California Association of Racing
Fairs

Dan Cirimele, Golden Gate Fields

Christopher Schick, Watch and Wager

Ben Kenney, Watch and Wager

Ed Cummings, Watch and Wager

Rick Pickering, Cal Expo

Joe Hasson, Game Play Network

Russell Fine, Game Play Network

Becky Bartling, Sonoma County Fairgrounds

James Morgan, Humboldt County Fair

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| 11. | Public hearing and action by the Board regarding the proposed amendment to CHRB Rule 1685, Equipment Requirement, to change "whip" to "riding crop" and to require that riding crops used during training meet the same regulatory standards as riding crops used during the running of a race and CHRB Rule 1688, Use of Riding Crop, to require the provisions of the rule apply to training, as well as racing. (Note: This concludes the 45-day public comment period. The Board may adopt the proposal as presented.) | 93 |

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For the Sonoma County Fair.

13. Closed Session: For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code. 111

A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," and as authorized by Government Code section 11126(e).

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

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

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P R O C E E D I N G S

9:38 A.M.

DEL MAR, CALIFORNIA, THURSDAY, NOVEMBER 16, 2017

CHAIRMAN WINNER: Good morning. Ladies and Gentlemen, this meeting of the California Horse Racing Board will come to order. Please take your seats. This is the regular noticed meeting of the California Horse Racing Board on Thursday, November 16, 2017 at Del Mar Thoroughbred Club, 2260 Jimmy Durante Boulevard, Del Mar, California 92014.

Present at today's meeting are: myself, Chuck Winner, Chair; Madeline Auerbach, Vice Chair; Jesse Choper, Commissioner; Fred Mass, Commissioner; Araceli Ruano, Commissioner; and Alex Solis, Commissioner.

Before we go on to the business meeting, I need to make a few comments. The Board invites public comment on the matters appearing on the meeting agenda. The Board also invites comments from those present today on matters not appearing on the agenda during the public comment period if the matter considers horse racing - concerns horse racing in California.

In order to ensure that all individuals have an opportunity to speak and the meeting proceeds in a timely fashion, I'll strictly enforce the three-minute time limit rule for each speaker. The three-minute time limit will be

1 enforced during discussion of all matters, as stated on the
2 agenda, as well as during the public comment period.

3 There's a public comment sign-in sheet for each
4 agenda matter on which the Board invites comments. Also,
5 there's a sign-in sheet for those wishing to speak during
6 the public comment period for matters not on the Board's
7 agenda if it concerns horse racing in California. Please
8 print your name legibly on the public comment sign-in sheet.

9 When a matter is open for public comment, your
10 name will be called. Please come to the podium, introduce
11 yourself by stating your name and organization clearly.
12 This is necessary for the court reporter to have a clear
13 record of all who speak. When your three minutes are up the
14 Chairman or I will ask you to return to your seat so others
15 can be heard.

16 When all the names have been called I'll ask if
17 there's anyone else who would like to speak on the matter
18 before the Board. Also, the Board may also -- may ask
19 questions of individuals who speak. If a speaker repeats
20 himself or herself, I'll ask if the speaker has any new
21 comments to make. If there are none, the speaker will be
22 asked to let others speak.

23 Now a couple of quick things.

24 First of all, I want to welcome our former Vice
25 Chairman and our good friend, Mr. Rosenberg. Where are you

1 Richard? There he is. Welcome to the meeting, Richard.

2 And then secondly, I think on behalf of all of us,
3 we are all so proud and appreciate everything that was done
4 to make the Breeders' Cup, I think, one of the most
5 successful Breeders' Cups in history. The Breeders' Cup,
6 Del Mar, all of the people at Del Mar and the Breeders' Cup,
7 plus the CHRB Staff that worked so hard on this, as well,
8 and everyone else involved in the process, it was really a
9 special two days for any of you, all of you that were able
10 to go and be a part of that, of
11 that -- those two days of events. They were really special.

12 I mean, everything was about as perfect as it could be.

13 So again, to Joe and his team, and to the
14 Breeders' Cup people, thank you and congratulations on
15 something really special.

16 All right, let's go on the approval of the minutes
17 from the prior meeting. Is there a motion? Are there any
18 comments, changes, suggestions, any corrections? Is there a
19 motion to approve?

20 Commissioner Choper moves. No, Commissioner
21 Choper doesn't move because he wasn't here.

22 COMMISSIONER MASS: I'll move.

23 CHAIRMAN WINNER: Commissioner Mass moves.

24 COMMISSIONER SOLIS: Second.

25 CHAIRMAN WINNER: Commissioner Solis seconds.

1 I'll call the roll. Two of our members who weren't
2 here --

3 COMMISSIONER RUANO: Abstain.

4 CHAIRMAN WINNER: -- cannot -- will abstain.

5 Commissioner Mass, how do you vote?

6 COMMISSIONER MASS: Aye.

7 CHAIRMAN WINNER: Commissioner Solis?

8 COMMISSIONER SOLIS: Yes.

9 CHAIRMAN WINNER: The Chairman votes yes.

10 Commissioner -- Vice Chair Auerbach?

11 VICE CHAIRMAN AUERBACH: Yes.

12 CHAIRMAN WINNER: Okay. The motion carries four
13 to nothing.

14 The next item is the Executive Director's Report.

15 Mr. Baedaker.

16 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.

17 Chairman. I want to follow up on your comments about the
18 Breeders' Cup and plug our staff.

19 Once again, our Licensing Staff proved equal to
20 the challenge of handling all of the licensing applications
21 for Breeders' Cup, each of which requires fingerprinting and
22 a background check.

23 So special thanks to Supervisor Laura Sandoval,
24 Maria Joico, Antonia Gandarilla, Lourdes Lightle and Diane
25 Thomas. They processed 825 new requests at Del Mar, as well

1 as Diana Valenzuela and Claudia Tobar, who completed another
2 184 at Santa Anita and Los Al. So that's a total of 1,009
3 new licenses in the short period of time leading up to the
4 Breeders' Cup.

5 I also want to thank our investigators, stewards
6 and official vets for this kind of all-hands-on-deck effort
7 assisting both Del Mar personnel and Breeders' Cup
8 personnel.

9 I tell you what, I was in the middle of the
10 Breeders' Cup at Hollywood Park in 1997, as well as the two
11 great events at Santa Anita in '08 and '09. And it's just
12 incredibly how many months of work goes into these, putting
13 these two days together. And to have them turn out the way
14 they did at Del Mar certainly made everybody proud.

15 The financials, the month of October was a little
16 bit odd because, you know, last year the Breeders' Cup was
17 at Santa Anita. This year at Del Mar, there was on less day
18 of racing during the day, once less night of racing, as
19 well. So for the month, the numbers were a little soft,
20 down 2.5 percent for daytime racing, down 12.9 percent for
21 nighttime racing, and down 3.6 percent everything in. Year
22 to date, through October, we're down 1.1 percent during the
23 day 0.74 at night, and a total, all things considered, down
24 1.09 percent year to date.

25 However, I asked our folks to go back and look at

1 the year-to-date numbers, including Breeders' Cup, this year
2 versus last year, and it's been a nice lift. If you look at
3 year to date, including the Breeders' Cup figures, we are
4 down just 0.3 percent during the day, less than 1.0 percent
5 at night, and all together, down about 0.42 percent year to
6 date. And so we were in a little bit of a hole early on in
7 the year and we've seen some steady increases, so we're
8 moving in the right direction.

9 And that's my report, Mr. Chairman.

10 CHAIRMAN WINNER: Thank you very much.

11 Let's go on to the public comment period. I have
12 a number of cards here, so we'll start with Greg Bough.

13 MR. BAUGH: Good morning, Chairman and Board
14 Members. Greg Baugh, Del Mar Thoroughbred Club, Barretts
15 Operations.

16 I just wanted to let you know about our sale dates
17 for next year. Kim apologizes, he can't be here. He's in
18 Ocala right now recruiting for the two-year-old sale.

19 Our January Mix Sale will be on the 17th at
20 Fairplex.

21 The Spring Two-Year-Old Sale is going to be -- the
22 preview is going to be on April 2nd. The sale will be on
23 the 4th. We are not going to have two sales. Just
24 operationally here at Del Mar, it just doesn't make sense.
25 Our consigners have let us know, too, that they would rather

1 pack it into this one sale to make it a really good sale, so
2 we're very excited about that.

3 We have our Seventh Annual Paddock Sale. The
4 preview will be on the 22nd. The sale will be on the 23rd
5 here at Del Mar.

6 We have our Fourth Annual Yearling Sale on the
7 30th.

8 And then the October Mix Sale will be on the 18th
9 at Fairplex.

10 And I just want to let everybody know about those
11 dates.

12 CHAIRMAN WINNER: Thank you. I think is actually
13 item four.

14 MR. BAUGH: Oh, I apologize.

15 CHAIRMAN WINNER: Okay.

16 MR. BAUGH: Well, then we're -- I apologize.

17 CHAIRMAN WINNER: That's all right.

18 MR. BAUGH: Okay.

19 CHAIRMAN WINNER: We'll just skip item four.

20 MR. BAUGH: Yeah. And then we're looking forward
21 to the Paddock sale, again with our Ship and Win Program
22 here at Del Mar, so --

23 CHAIRMAN WINNER: Thank you.

24 VICE CHAIRMAN AUERBACH: Which are the two sales
25 that you combined?

1 MR. BAUGH: So we had -- this past year, we had a
2 March sale and a May sale. We will not have the May sale.
3 Just operationally, it just doesn't make sense.

4 VICE CHAIRMAN AUERBACH: Okay. Thank you.

5 MR. BAUGH: Our consigners from Florida --

6 VICE CHAIRMAN AUERBACH: I missed what --

7 MR. BAUGH: Yeah.

8 VICE CHAIRMAN AUERBACH: Okay. Thank you.

9 CHAIRMAN WINNER: So there will be no May sale?

10 MR. BAUGH: No, sir.

11 CHAIRMAN WINNER: Okay. Are there any questions?
12 Comments? Okay.

13 Thank you very, very much.

14 MR. BAUGH: Thank you, Chairman.

15 CHAIRMAN WINNER: I don't think there's any action
16 on that item.

17 All right, we'll move on to number five.

18 Oh, let's see, I had another one, John Valenzuela.

19 John, where are you?

20 MR. VALENZUELA: Good morning. Good morning
21 everybody. My name is John Valenzuela, President of PMEG
22 Local 280. Good morning to -- thank you to the Board, Chair
23 Winner, Madeline Auerbach, Vice Chairman, Members, Jesse
24 Choper, Fred Mass, Ariceli Ruano -- excuse me if I butchered
25 that -- Alex Solis and Rick Baedeker, Executive Director,

1 and Assistant Executive Director, Jacqueline Wagner.

2 The moment -- I just basically want to take a
3 moment here to take a special thanks to the Mutuel Manager,
4 Bill Navarro. As you know, the Breeders' Cup was such a
5 success, and he made it a point to thank his employees for
6 the time and effort that they did to make this a success.

7 I was disappointed with other labor -- I mean,
8 excuse me, other industrial leaders that did not recognize
9 the Mutuel Department for their efforts. But I do want to
10 make sure that we did give a special thanks to Bill Navarro
11 for recognizing us.

12 Basically, that's all I wanted to say.

13 CHAIRMAN WINNER: Thank you. And thank you to
14 your -- all of your good folks for the hard work and
15 excellent work that they did during it, that they always do,
16 but especially during the Breeders' Cup.

17 MR. VALENZUELA: And I also wanted to thank the
18 Board for recognizing us. Thank you.

19 CHAIRMAN WINNER: Mr. Baedeker has reminded me
20 that we actually have to authorize the sales, the Barrett
21 sales, so item number four does require an action --

22 COMMISSIONER RUANO: So moved.

23 CHAIRMAN WINNER: -- to authorize the sales as
24 they were just presented to us. Is there a motion?

25 COMMISSIONER RUANO: So moved.

1 CHAIRMAN WINNER: Commissioner Ruano moves.
2 COMMISSIONER CHOPER: Second.
3 CHAIRMAN WINNER: And Commissioner Choper seconds.
4 Any discussion?
5 Commissioner Ruano?
6 COMMISSIONER RUANO: Yes.
7 CHAIRMAN WINNER: Commissioner Ruano votes yes.
8 Commissioner Choper?
9 COMMISSIONER CHOPER: Yes.
10 CHAIRMAN WINNER: Vice Chair Auerbach?
11 VICE CHAIRMAN AUERBACH: Yes.
12 CHAIRMAN WINNER: Chairman votes yes.
13 Commissioner Solis?
14 COMMISSIONER SOLIS: Yes.
15 CHAIRMAN WINNER: Commissioner Mass?
16 COMMISSIONER MASS: Yes.
17 CHAIRMAN WINNER: The motion carries unanimously.
18 All right, the next item is item number five,
19 discussion -- and I don't believe there's any action, the
20 agenda says action but I don't believe there's any action on
21 this one -- discussion by the Board regarding a presentation
22 from the Arabian Racing Association of California on its
23 proposal for encouraging participation and cooperation among
24 all racing breeds in California.
25 So let's start with Michael Brown.

1 MR. SOLTALL: Would it be all right if I went
2 first?

3 CHAIRMAN WINNER: Sure.

4 MR. SOLTALL: All right.

5 CHAIRMAN WINNER: Are you Cory Soltall?

6 MR. SOLTALL: I am.

7 CHAIRMAN WINNER: Cory --

8 MR. SOLTALL: Okay.

9 CHAIRMAN WINNER: -- you're first.

10 MR. SOLTALL: All right. Actually, I thinking
11 there may be an action item on this, so don't scratch that
12 out. Maybe we can address that later.

13 My name is Cory Soltall and I represent the
14 Arabian Horse Association of -- Arabian Racing Association
15 of California as the current Secretary.

16 I was able to send out letters to each of the
17 Board. I don't know, evidently some of you did not receive
18 that, so I made copies for you today and distributed that
19 for you, that you can look at. But I just wanted to
20 mention, when I wrote that particular letter, I was unaware
21 that the Pleasanton -- the Stockton Fair dates which had
22 moved to Pleasanton, which now had been transferred to
23 Golden Gate, had happened. And that because of that we may
24 have lost the fair status of that meet at Golden Gate.

25 Obviously, this has a serious impact on the

1 Arabian racing in -- for the season because we had
2 consecutive meets from Pleasanton to Sacramento to Santa
3 Rosa, Ferndale, back to Pleasanton and Fresno. And now with
4 that middle meet at Pleasanton in the fall, we have a gap
5 that -- it's going to be tough to encourage our Arabian
6 racing community to stay in California.

7 2017, this year, we did not have a good racing
8 season for the Arabians because many of the owners and
9 trainers did opt to go from Ferndale, after Ferndale, to the
10 meet in Retama in Texas instead of sticking around because -
11 - for various reasons. And that pretty much killed our
12 racing season for the latter part of the summer.

13 The reason I'm addressing this Committee here or
14 this group is, obviously, now that this meet has been moved
15 to Golden Gate, I'm asking for the consideration of racing
16 dates for the Arabians at Golden Gate Fields during that gap
17 period between Ferndale and Fresno, so that we can offer our
18 racing -- Arabian racing community a reason to stay in
19 California.

20 CHAIRMAN WINNER: Let me --

21 MR. SOLTALL: Yes, sir.

22 CHAIRMAN WINNER: Let me comment on that.

23 First of all, with respect to the dates that went
24 from the Stockton dates that were at Pleasanton that have
25 been moved to Golden Gate that you referred to, that item

1 was under discussion for months at various Race Date
2 meetings and Board meetings and was always on the agenda,
3 Northern California race dates. So if you had a concern
4 about that, it would have been helpful if you were there at
5 some of those meetings to discuss your concerns, because
6 that was -- that's not something that just happened
7 overnight. That went on, frankly, in some cases for years.

8 Now with respect to Arabians at Golden Gate, I
9 believe that's statutory. I think that that requires a
10 change by the legislature. I can be corrected by the
11 lawyers on that, but that would be -- that's my
12 understanding.

13 Secondly, it would have to be a part of the Golden
14 Gate License Application. And that would -- we would then
15 have to approve that, once it's statutorily available, too,
16 for us to do that.

17 So those are two concerns that I would have with
18 respect to any action that we might take at this point.

19 MR. SOLTALL: I understand. Thank you for making
20 that clear. I apologize. I can only make so many meetings.

21 And evidently, our representative from the Arabian
22 community was not here to help me that, and I appreciate
23 your explaining that.

24 The -- as I understand it, the -- we -- you'll
25 have to forgive me. I'm not sure about how to approach

1 this, but we have a race that we had the last two years at
2 Santa Anita that was --

3 CHAIRMAN WINNER: Right.

4 MR. SOLTALL: And we also, at that point, were
5 given, I think it was six or seven races by the legislature
6 to be used to be conducted in California during that
7 particular year. We only used one of those races in Santa
8 Anita.

9 So I don't know if that has any bearing on my
10 request today for -- to be considered, those races to be
11 used at Golden Gate. I would love for you to give me some
12 advice on how to proceed with this.

13 CHAIRMAN WINNER: Well, I would simply ask our
14 attorneys whether -- again, I'm not positive, but that may
15 have been a one-year -- I think it when through the
16 legislature and it was done for one year.

17 Scott Daruty is standing behind you.

18 VICE CHAIRMAN AUERBACH: Phil is getting up.

19 CHAIRMAN WINNER: And Phil is getting up. So
20 let's hear from these lawyers, who know a lot more about it
21 than I do.

22 MR. DARUTY: Scott Daruty on behalf of Golden Gate
23 Fields.

24 I believe the legislation allows up to six Arabian
25 races per year at Golden Gate Fields under our commercial

1 license. And while we're not prepared to, you know, commit
2 100 percent today, I will say that Golden Gate Fields would
3 be very open to running a few Arabian races. We obviously
4 have to work out where the purse money comes from and those
5 sorts of things, but we're definitely open to that within
6 the limits of the law, which would be up to six races.

7 CHAIRMAN WINNER: That's great. Thank you. I
8 think that's -- thank you for that. That's very helpful.

9 Now the question is, it seems to me, we'd have to
10 put it on -- for us, how would we proceed, or do we have to
11 do anything at this point?

12 EXECUTIVE DIRECTOR BAEDEKER: I don't think we
13 have to do anything. As a matter of fact -- and I think now
14 we recall what Scott's talking about in the statute that
15 allows the Association to run up to six. But again, that
16 would be part of a race meet application, I do believe. And
17 so if something is worked out, because the application is on
18 the agenda here this morning, if something is worked out,
19 you know, next quarter, you can always come back to the
20 Board, and I think you could probably even do it
21 administratively, and amend the race meet application. And
22 so it still could happen, even if it's not done by the time
23 the Board approves this application.

24 MR. SOLTALL: Okay. Great. We'll look forward to
25 working on that with the right entities. I guess I'm a

1 little new at this, so I need help and coaching on this.

2 What I just wanted to mention, too, was that, you
3 know, our community is small. We have -- we don't have the
4 number of horses that we would like, although I, because of
5 this not wanting to repeat what happened this year, I made a
6 trip earlier this month to Texas to try to coordinate with
7 those people down there to coordinate race dates in
8 California with the ones in Texas, so there would not be a
9 reason for the people to go to Texas after the Ferndale.

10 The reason I'm mentioning this is we -- there's a
11 lot of support. People like to come to California. They
12 want to come to California. They want to race in
13 California. And I, you know, seriously have some serious
14 commitments for people, for Arabian owners that are on the
15 East Coast, as well as in Texas, to come to California and
16 be part of this season next year.

17 ARAC has also developed some grassroots, and we're
18 working on this now, to encourage just general support. I
19 know when people come to watch the Arabians, they don't
20 leave after the Arabian race, which is always early in the
21 docket, which means we don't have the handles that we would
22 like but we do supply a race on the card. They stick around
23 all day and they're part of your thoroughbred betting and
24 increase the handles there.

25 So, you know, where we -- I think we are a small

1 but significant entity into helping support all of racing in
2 California. We are enjoying a little bit of notoriety these
3 last few -- two years in that we have -- recently Julie
4 Krone has been our -- is our Ambassador to the Sheikh Monsur
5 Festivals around the world, a great ambassador, wonderful
6 lady. I can't believe how wonderful she is, short but
7 wonderful. And Victor Espinoza road one of our leading
8 horses in Santa Anita and was the winner of that race. We
9 also -- Calvin Borel rode back east. So we're using those
10 celebrities from your community to increase excitement
11 within our community.

12 As a result of that, some grassroots efforts,
13 we've made -- we've kind of followed a model from Emerald
14 Downs and developed some racing clubs. These last two
15 years, that's resulted in 24 new CHRB owner licenses that
16 we've created, so I hope that is significant. And these
17 people are in it for the long term. And we hope that
18 we -- we're going to keep them in long term because we're
19 hoping to work to expand the Arabian racing in California.

20 So -- and I'll just finish with this. You know,
21 we are, like I said, a small group, but we want to be in any
22 way part of the whole racing community. Whether it's
23 thoroughbreds, Arabians, whatever, we're all in the same
24 boat. There are some statistics that would suggest that even
25 though -- and I congratulate everybody on the great races

1 that you had year early in the -- the cup races, but I also
2 realize that there are some indices about declining
3 thoroughbred racing registrations over the last 15 years.
4 They've lost almost 30 percent from 37,000 down to slightly
5 over 22,500 registered thoroughbreds. We have declining
6 field sizes. We have race track closures.

7 So we all need to perhaps get on the same -- in
8 the same boat. We can make a little bit of a difference,
9 but a little difference is important. And we'd like to be
10 in any way included in some of these solutions that we might
11 come up with.

12 CHAIRMAN WINNER: Thank you.

13 MR. SOLTALL: I think that's it.

14 CHAIRMAN WINNER: Thank you very much.

15 First of all, and I'll leave it -- I'll open it
16 for others to speak, but I think, for myself, I think it's
17 terrific. And I'm delighted with Scott's offer
18 to --

19 MR. SOLTALL: Yeah.

20 CHAIRMAN WINNER: -- work with you on behalf of
21 Golden Gate.

22 MR. SOLTALL: That's great.

23 CHAIRMAN WINNER: And hopefully this will be
24 something going into the future that helps racing in
25 California and is good for everyone, as you suggest. I'm

1 delighted that this make work out very nicely. It really
2 would.

3 MR. SOLTALL: Thank you.

4 CHAIRMAN WINNER: Anybody else have any comments,
5 questions?

6 Yes, Mr. Choper?

7 COMMISSIONER CHOPER: I just wanted to say
8 something that I've said before, and that is that the
9 Arabians are the closest thing, closest breed, in terms of
10 racing, in terms of their racing fans to the thoroughbreds.
11 And if you could, I mean, if you could increase the field
12 size of some of those races that you're going to have up at
13 Golden Gate Fields, my prediction would be that you'd get a
14 lot more action, then that's going to make a big difference.

15 MR. SOLTALL: Thank you. I think it's a little
16 chicken and the egg. You know, we have to --

17 COMMISSIONER CHOPER: Yeah.

18 MR. SOLTALL: -- offer something for people to
19 come. Once we get people to come, everybody will flourish
20 and we'll all benefit. So thank you for that comment.

21 CHAIRMAN WINNER: Anybody else?

22 Thank you very, very much.

23 MR. SOLTALL: Yeah. Thank you for listening.

24 CHAIRMAN WINNER: Mr. Brown?

25 MR. BROWN: Good morning, Chairman Winner, Board

1 Members. I'm, as you know, you've heard me before, I'm
2 still relatively new at this. I've been around horses for
3 many, many years, but racing is brand new to me. And I'll
4 tell you, I'm having more damn fun. This is the most
5 rewarding thing I've ever done, outside of helping people in
6 my profession, and I want to see it continue.

7 We all know that horse racing has problems. There
8 are declining fields, declining purses. Everything is
9 declining. And that's not surprising because we're not an
10 agricultural society anymore. Not everybody has a horse.
11 We don't see -- you know, 100 years ago, in my grandfather's
12 day, when you would see a horse and carriage on the streets.

13 But there's no reason why horse racing can't be a viable
14 part of our community and a viable part of our country.

15 You just heard from Dr. Soltall about some
16 declining features in horse racing. I've spent a lot of
17 time going over the reports, the CHRB Annual Reports, and
18 I've seen a decline in racing.

19 There was a letter that came out, and I've
20 asked -- I think you've all seen it before, but I asked it
21 to be distributed today. It was from Nick Alexander last
22 May 31st to all TOC members. And he paints a picture that
23 is all too common, and that is people not participating.
24 And I think he hit the nail right on the head. And I think
25 that that letter can be the stepping stone for something

1 that we all, I think, we all need to do. I think that when
2 Mr. Alexander sent this letter out and recognized a lot of
3 the problems that we have, that it just highlighted what we
4 need to do. And I respectfully suggest that we have to do
5 something.

6 Now I read that letter and I got to thinking, I've
7 appeared before you and I've been, at times,
8 confrontational. Ms. Auerbach, who I'm afraid just left, I
9 wanted to apologize to her because -- where did she
10 go -- she accused me of being confrontational one time. And
11 I got to thinking about it, and she was absolutely right.
12 It's time that we all get together and work together.

13 We are in a vicious circle. We have declining
14 purses, and therefore we have declining participation, and
15 it goes around and around and around. If you don't have
16 enough horses, you don't have enough betting. If you don't
17 have enough betting, you don't have enough handle. If you
18 don't have enough handle, you don't get enough horses. And
19 then we're back to if you don't get enough horses, you don't
20 get enough -- it goes around and around and around.

21 We have to do something to solve that problem.
22 And I -- excuse me, I'm sorry. If we don't do something,
23 and if we don't do something soon, not only will I not be
24 enjoying horse racing, but I respectfully submit, and I'm
25 not -- you folks aren't going to have a job either because

1 there won't be any horse racing to manage. It's got to be
2 supported and it's got to be strengthened. And you, Ladies
3 and Gentlemen, have the power to do that.

4 When you look at the tracks that have disappeared
5 in California, and you all know these statistics, I read the
6 history of Hollywood Park not long ago and what a great
7 place it was, and how people would go to see all the movie
8 stars. And you go here to Del Mar and you look at the
9 pictures on the walls and you see Bob Hope and you see Bing
10 Crosby. These are places where people came and gathered.
11 It's not happening anymore. Something has to be done. I
12 just don't want it to disappear.

13 Now everyone involved in horse racing has got to
14 be a part of the solution and not a part of the problem, and
15 that means the confrontation has got to stop. We've all got
16 to work together. And what we were just told about racing
17 at Golden Gate Fields is an incredibly good start, it's a
18 great start, and we're so grateful that they're willing to
19 work with us to do that. I hadn't heard that before and
20 it's a welcome change.

21 But the Board has extraordinary power,
22 extraordinary power in this area. You are a
23 constitutionally-created agency, part of the California
24 constitutional system. And you have been given
25 extraordinary powers to regulate and to manage horse racing

1 in California.

2 I just this morning, for the fun of it, before I
3 left the hotel, downloaded Business and Professions Code
4 section 19420 and 19440. And I refer back to these every
5 once in a while because it says that you can do whatever you
6 want, it really does. When you read the legislative history
7 of this very complex California Horse Racing Statutes, and I
8 just -- where did he go -- I spoke with Mr. Laird just this
9 morning very briefly, we both agree that California Horse
10 Racing Statutes are a horrible jumble. And hopefully we can
11 put somebody -- put a group together just to clean that up
12 and make it a little easier.

13 But one thing is very, very clear, and that is the
14 California Horse Racing Board has immense authority to do
15 whatever is necessary. You really don't have any limits.
16 Section 19420 starts out by saying,

17 "Jurisdiction and supervision over meetings in this
18 state where horse races with wagering on their results
19 are held or conducted and over all persons and things
20 having to do with the operation of such meetings is
21 vested with the California Horse Racing Board."

22 There's no limit.

23 CHAIRMAN WINNER: Mr. Brown, I'm going to have to
24 -- you're way over your three minutes, so --

25 MR. BROWN: All right. I'll --

1 CHAIRMAN WINNER: -- can you wrap up, please?

2 MR. BROWN: I'll finish up then.

3 Section 19440 does the same thing.

4 What I'm suggesting, what I'm asking the Board to
5 do, is to do take action. And as an action item, I'm asking
6 that the Board create a body, call it a commission, call it
7 a committee, call it a study group, call it whatever you
8 want, but create a formal organization within the California
9 Horse Racing Board and require that all parties that
10 participate in horse racing have a delegate to that
11 organization, whatever form it takes. And the purpose of
12 the organization will be to bring people together to talk
13 about solutions and not problems, to talk about solving the
14 problems, increasing horse racing, and for the benefit of
15 everybody associated with horse racing.

16 I think the Board has authority to do that. And I
17 think that if you put everybody in the room together, it's
18 an awful lot more difficult to stand somewhere and kick at
19 things from the outside than it is to kick at it from the
20 inside. So I'm asking that you create a body of some kind,
21 some formal body, that requires all the participants, ARAC,
22 TOC, everybody that forms all the horsemen's organizations,
23 all the associations, to get together to try and solve these
24 problems amicably instead of fighting all the time, because
25 I'm tired of the fighting. I want to see solutions, so I'm

1 asking you to do that.

2 CHAIRMAN WINNER: Thank you very, very much.

3 And are there any questions from Mr. Brown, any
4 comments? No. Okay.

5 Thank you very much. We certainly will take that
6 under consideration and possibly put it on the agenda for an
7 upcoming meeting. We're not going to take any action on it
8 today.

9 MR. BROWN: Oh, I appreciate that. I know you
10 can't --

11 CHAIRMAN WINNER: Right.

12 MR. BROWN: -- because you've got to take a look
13 at it.

14 CHAIRMAN WINNER: Right.

15 MR. BROWN: But I'd like you to consider it and
16 start the wheels in motion to create such an entity.

17 CHAIRMAN WINNER: Thank you, Mr. Brown.

18 MR. BROWN: Thank you.

19 CHAIRMAN WINNER: Thank you very much. Okay.

20 Discussion and action by the Board on the
21 Application for License to Conduct a Horse Racing Meeting of
22 the Los Angeles Turf Club at Santa Anita Park Race Track,
23 commencing December 20th, 2017 through June 26th, 2018. The
24 opening day is December 26th, 2017. It is my understanding
25 that there are still documents outstanding.

1 Ms. Wagner?

2 MS. WAGNER: Jackie Wagner, CHRB Staff.

3 Subsequent to the Board package going out, we have
4 received a couple of items for this application, as well as
5 the application for Golden Gate Fields. Staff has received
6 an amended wagering format. The association is asking for a
7 Super High 5 on every available race. They would like to
8 add a late Pick 5 that will have the same takeout rate
9 that's normally used for a three-horse field. And then we -
10 -

11 CHAIRMAN WINNER: Normally used for what?

12 VICE CHAIRMAN AUERBACH: I think she said for a
13 three --

14 EXECUTIVE DIRECTOR BAEDEKER: Three or more.

15 MS. WAGNER: Three or more.

16 CHAIRMAN WINNER: Oh, for three or more?

17 MS. WAGNER: For three or more, yes.

18 CHAIRMAN WINNER: Okay.

19 MS. WAGNER: I'm sorry. And then we're received
20 ADW agreements with TVG and NYRA. TwinSpires and BetAmerica
21 are still outstanding.

22 For this particular application that you are
23 looking at right now, the items that are noted as
24 outstanding are still outstanding, and that would be the TOC
25 agreement, the CTT agreement. We have a letter of

1 explanation regarding the status of the outstanding items
2 that this Board had asked be submitted by the racing
3 associations when the applications were not complete, that
4 is missing. And then the other pertinent agreements that
5 pertain to ADW and the horsemen's approval.

6 VICE CHAIRMAN AUERBACH: What about --

7 CHAIRMAN WINNER: Thank you.

8 VICE CHAIRMAN AUERBACH: -- the ambulances,
9 Jackie, did you get those yet, the medical services and
10 those?

11 MS. WAGNER: We do have the medical services, but
12 those will need to be updated during the course of this
13 application. They expire June 11th, 2018. That's the
14 California Emergency Medical Services Authority
15 Certification for their ambulance. And then the Huntington
16 Ambulance expires May 3rd, 2018.

17 CHAIRMAN WINNER: So those would have to be
18 extended --

19 MS. WAGNER: Yes.

20 CHAIRMAN WINNER: -- from what they currently are
21 to meet the --

22 MS. WAGNER: Correct.

23 CHAIRMAN WINNER: -- new (indiscernible).

24 EXECUTIVE DIRECTOR BAEDEKER: And, Mr. Chairman
25 and Commissioners, you have before you, distributed earlier

1 this morning, an updated wagering menu for Santa Anita for
2 this agenda item, and then subsequently for Golden Gate for
3 the next one.

4 MS. WAGNER: In addition --

5 CHAIRMAN WINNER: All right. So let me just --

6 MS. WAGNER: In addition --

7 CHAIRMAN WINNER: I'm sorry, Jackie. Go ahead.

8 MS. WAGNER: -- we also have received Xpressbet.

9 CHAIRMAN WINNER: Yeah.

10 MS. WAGNER: Okay.

11 CHAIRMAN WINNER: I assumed that.

12 MS. WAGNER: Yeah.

13 CHAIRMAN WINNER: Okay. Let me just explain the
14 situation here. Normally, as well know, we would not be
15 hearing this today, either of these, either Santa Anita or
16 Golden Gate, because there are all these documents that are
17 still outstanding. And our position has been and our policy
18 has been that if Staff doesn't have the materials, what is
19 it, ten days? How long before?

20 EXECUTIVE DIRECTOR BAEDEKER: Yeah, ten days in
21 advance of the meeting --

22 CHAIRMAN WINNER: Right.

23 EXECUTIVE DIRECTOR BAEDEKER: -- is the deadline
24 for submitting --

25 MS. WAGNER: That's ideal.

1 EXECUTIVE DIRECTOR BAEDEKER: -- materials.

2 MS. WAGNER: Yes.

3 EXECUTIVE DIRECTOR BAEDEKER: Right.

4 CHAIRMAN WINNER: Right. And normally, we would
5 put it off until the next meeting.

6 The problem is that the next meeting is in
7 December, and often times December, we have a problem.
8 Since we only have six members of the Board, we risk the
9 problem of not having a quorum. December is a tough month
10 to -- for everybody to get to meetings because of vacations,
11 holidays, et cetera, family, et cetera. Now the chances are
12 we'll have a quorum. But if we don't and the meet starts
13 essentially on the 20th with the first day of racing on the
14 26th, racing is out of luck. That would not be anybody's
15 best interest to not have provided a license.

16 So we made the decision to proceed with moving
17 ahead with this application, at least with hearing from
18 Santa Anita and others who want to speak, TOC and anyone
19 else who wants to speak on it, same thing with Golden Gate.

20 So we are proceeding, even though it violates our own
21 policy. We've made a determination that in the best
22 interest of racing, we will proceed with this application.

23 So having said that, Scott or whomever.

24 MR. DARUTY: Good morning. Scott Daruty on behalf
25 of Santa Anita. And I'm joined by Nate Newby and Eric

1 Sindler.

2 At the outset, I want to say I understand, we're
3 sitting here this morning having not completed our homework.

4 And I want to stress to this Board that that is not because
5 we don't care and it's not because we didn't try. Our
6 missing assignments break down generally into two
7 categories, and I'd like to take a minute and explain each
8 of those so you understand that we do realize the importance
9 of getting our materials in. And we do understand the
10 difficult position that we're all in because of this.

11 The first category of agreement that we have not
12 been able to complete is our contracts with our horsemen.
13 That would be our TOC Race Meet Agreement, as well as our
14 CTT agreement. And the second category of document is
15 basically the ADW agreements. So let me take each of those
16 separately.

17 As far as the ADW agreements, and many of you have
18 heard this before, but we do have some new Commissioners,
19 the way the -- the way the simulcast agreements are done,
20 and that includes simulcast agreement for both brick and
21 mortar locations throughout the world where the California
22 tracks sell their signals, as well as the ADW agreements,
23 those are done on an annual basis. Now it didn't always
24 used to be like that. It used to be that every race meet
25 would do its own separate simulcast agreements every time

1 they were opening, and it was very inefficient.

2 Many years ago the California industry grouped
3 together and worked through our entity, Monarch, to sell
4 everything as a package, so to speak. And so because the
5 contracts are done annually and they're done on roughly a
6 calendar year basis, a little bit different, it opened
7 December 26th and runs through the end of the year, but
8 because they're done annually and because Santa Anita's
9 December 26th opening and Golden Gate's December 26th
10 opening are on the front end of that annual period, it
11 always looks like we're the ones showing up having not done
12 the contracts, but the contracts run for a whole year.

13 We have to -- a number of things have to fall in
14 place before we can send them out, meaning we have to have
15 our whole pricing strategy for 2018 for the whole year in
16 place, we have to send out all the agreements, and so we've
17 done that. We've sent the ADW agreements to all the ADW
18 companies. We now have them back, although we didn't have
19 them in the ten-day time period that we were supposed to.
20 But we have agreements back by Xpressbet, all signed, by
21 TVG, all signed, by NYRA's account wagering platform, all
22 signed. And at the same time we sent those all out, we also
23 sent to TwinSpires and BetAmerica, which are the two
24 Churchill Downs platforms. We've not heard a word back from
25 them, so I don't know what's going on with them. I would

1 hope we would have those signed, but at this point we don't
2 through no fault of our own. So that relates to the ADW
3 agreements.

4 As far as the horsemen's agreements, we've been in
5 constant communication with both the TOC and the CTT. I
6 don't want to, you know, unless you ask, get into the, you
7 know, nitty-gritty of the detail of where we have failed to
8 reach agreement, but I will say I think we're close. We'll
9 continue to talk with them.

10 In the case of the CTT, and Alan is here, so I'm
11 sure he can speak for himself, but I think the issues that
12 have prevented them from signing our agreements have nothing
13 to do with these race meets that you're about to hear. One
14 of the items that we heard from the CTT is that until the
15 summer stabling next summer at Golden Gate Fields is
16 resolved, they don't feel like they can sign an agreement
17 because they think everything ties together. While I
18 understand their concern, I would argue that's completely
19 inapplicable to our race meet applications that you're about
20 to hear and we shouldn't be held up for that.

21 As far as TOC, we have a number of agreements
22 relating to -- or a number of issues relating to the purse
23 overpayment that we're having to continue to work with them.

24 And right now the Santa Anita purse account is
25 significantly overpaid. We think we can get it back in

1 control, but there's a whole bunch of issues swirling around
2 that that have prevented us from reaching agreement.

3 So sorry about the lengthy explanation, but I
4 wanted you all to know that the reason we're sitting here
5 today with an incomplete application package is not because
6 we don't care. We do care and we've been trying very hard,
7 but there is just circumstances that we believe are beyond
8 our control that are preventing it.

9 CHAIRMAN WINNER: Scott, did you reach out -- you
10 said you sent the material to Churchill Downs, did you --
11 have you -- and they never responded. Have you reached out
12 to them to find out why they never responded?

13 MR. DARUTY: We have talked to them multiple times
14 about the contracts and about the need for new contracts to
15 be signed. And, frankly, I don't know why they're not
16 willing to sign the exact same contracts that all the other
17 ADWs have signed.

18 CHAIRMAN WINNER: Okay. Thank you.

19 COMMISSIONER SOLIS: And with the California
20 Emergency Medical Service, have you guys had any
21 conversation with them about extending?

22 MR. DARUTY: Well, that's just a timing -- that's
23 a timing issue. That would be, you know, I would say 90
24 percent of our meet is covered by the current approval. And
25 as we get into the spring, that would be the time when that

1 would be extended.

2 COMMISSIONER SOLIS: Very good. One expires in
3 May, so --

4 EXECUTIVE DIRECTOR BAEDEKER: Is it May or June?

5 CHAIRMAN WINNER: One's May, one's June.

6 MR. DARUTY: Yeah. One is May.

7 CHAIRMAN WINNER: One's May. One's June.

8 MR. DARUTY: And one is June.

9 CHAIRMAN WINNER: Yeah.

10 COMMISSIONER SOLIS: Oh, I see. Yeah.

11 VICE CHAIRMAN AUERBACH: Scott, this would apply
12 to both licenses. I understand the dog ate your homework.
13 But now what I'd like to know is in relation to 1845 and
14 1433 that relates to the administration of Lasix and our new
15 procedures, and the policies have to be put into place now.

16 I don't see any notation on the Santa Anita application,
17 but I did see a notification on Golden Gate that it was not
18 handled. Do you know what I'm talking about?

19 MR. SINDLER: Eric Sindler. And, yes, the Third-
20 Party Lasix Agreement for Santa Anita was signed a number of
21 weeks ago, actually, by both Santa Anita, the TOC and the
22 CTT.

23 VICE CHAIRMAN AUERBACH: What about Golden Gate?

24 MR. SINDLER: It has been sent out for signature.
25 It's virtually identical to Santa Anita's, except replacing

1 Santa Anita with the words Golden Gate Fields. Why the TOC
2 and CTT haven't signed yet, you'd have to ask them. But Dr.
3 Arthur has been, and Phil Laird have been involved with all
4 of it. They know exactly what the procedures are that are
5 going to be used.

6 VICE CHAIRMAN AUERBACH: Did they go out at the
7 same time, do we know? I'm just curious as to --

8 MR. SINDLER: No. We --

9 VICE CHAIRMAN AUERBACH: Because we have different
10 entities working, because it's a different track.

11 MR. SINDLER: We wanted to get the Santa Anita one
12 done first, so that way we could use the exact same form
13 because it's going to be the exact same program in the north
14 and the south. So we didn't want to send multiple contracts
15 and then miss a change in one and not in the other.

16 VICE CHAIRMAN AUERBACH: Got it.

17 MR. SINDLER: So they have red lines. They see
18 the changes between Santa Anita and Golden Gate. It really
19 is replacing the words --

20 VICE CHAIRMAN AUERBACH: Okay.

21 MR. SINDLER: -- Santa Anita with Golden Gate.

22 VICE CHAIRMAN AUERBACH: Okay. Thank you.

23 CHAIRMAN WINNER: Anything else?

24 Go ahead, Gentlemen.

25 COMMISSIONER CHOPER: I'd like to follow up a

1 minute on the Kentucky operation. Don't they return -- you
2 talk to them on the phone? When you say they
3 don't -- I mean, you know, I don't get it.

4 MR. DARUTY: I don't either.

5 COMMISSIONER CHOPER: Well, do you talk to them on
6 the phone or they don't answer the phone?

7 MR. DARUTY: They have a position that they -- I
8 mean, look, I don't want to put words in their mouth. I
9 don't think anybody's here from Churchill Downs or
10 TwinSpires. But they have historically --

11 COMMISSIONER CHOPER: Well, that's their problem.

12 MR. DARUTY: They have historically taken the
13 position that they shouldn't have to sign our agreements,
14 and I don't know why. I don't know why.

15 COMMISSIONER CHOPER: And why don't they have to
16 sign?

17 MR. DARUTY: Their position is that they signed an
18 agreement back in 2013 --

19 COMMISSIONER CHOPER: Uh-huh.

20 MR. DARUTY: -- and they should be allowed to
21 continue operating under that. We have, for a number of
22 years, just to avoid a fight, gone along with that. This
23 year there have been a number of changes, as you're aware,
24 including most specifically the geolocation requirement.
25 And we believe it is no longer appropriate to operate under

1 an agreement that's now five years old and doesn't include
2 any of the current issues --

3 COMMISSIONER CHOPER: Yeah.

4 MR. DARUTY: -- that have come up. And so I --

5 COMMISSIONER CHOPER: That makes a lot of sense,
6 what you're saying. So what do they say when you tell them
7 that? I don't understand.

8 MR. DARUTY: We do not have --

9 COMMISSIONER CHOPER: Are they on the phone? Here
10 I am.

11 MR. DARUTY: We have not had a response.

12 COMMISSIONER CHOPER: Did you call them?

13 MR. DARUTY: I did not personally call them. We
14 have exchanged emails. Look, they're very difficult to deal
15 with. They're an important distributor of our product.
16 We'd like to reach an agreement. We think, given the change
17 in circumstance, it's an absolute requirement that they sign
18 a new agreement this year. So far they've disagreed with
19 that.

20 VICE CHAIRMAN AUERBACH: Let me give you a for
21 instance.

22 I know how difficult they are to deal with. I get
23 it. In your mind, could you see us going into opening day
24 at Santa Anita without that agreement signed and cutting off
25 their signal? I'm just asking a question. I don't want to

1 do it. I'm wondering if you can see us being pushed to that
2 extent? Because they lose a lot of revenue and we lose a
3 lot of revenue.

4 MR. DARUTY: I don't really think it would come to
5 that, but I can't speak for them. Again, we're not asking
6 them to do anything unusual or out of the ordinary. We're
7 not asking them to sign an agreement that would hurt their
8 business interests. We sent them the exact same agreement
9 that was signed by Xpressbet, TVG and NYRA's account
10 wagering platform. So I would think that reasonable minds
11 should prevail and at some point they would sign them and
12 send them back, but I don't know what they will do.

13 VICE CHAIRMAN AUERBACH: So let me ask you one
14 follow-up question to that, Scott.

15 Since we've done the geolocation and we do the
16 accounting now, I believe that we're getting records now, do
17 we know that we are being compensated adequately and fairly
18 with the changes that we've made in the ADW program? Do we
19 know that?

20 MR. DARUTY: Are you asking? Well, yeah. But are
21 you asking --

22 VICE CHAIRMAN AUERBACH: I'm asking whoever can
23 answer that.

24 MR. DARUTY: But are you asking specifically with
25 respect to Churchill or --

1 VICE CHAIRMAN AUERBACH: Absolutely, but in
2 respect to everybody, but most assuredly now in respect to
3 Churchill.

4 MR. DARUTY: The TOC may be able to answer more
5 specifically because they've been the ones who have handled
6 the auditing of the geolocation. My understanding is that
7 Churchill is complying with the geolocation requirements
8 which, again, makes me question why they won't just sign the
9 agreement, but --

10 VICE CHAIRMAN AUERBACH: That's why I'm asking you
11 the question that I'm asking you, yes.

12 CHAIRMAN WINNER: But we're in a difficult
13 position because they're not here, so we don't --

14 VICE CHAIRMAN AUERBACH: Right.

15 CHAIRMAN WINNER: -- we don't know what their
16 thinking is or their reasoning is. It seems to me that you
17 might want to pick up the phone and call them one more time
18 here, assuming this license is approved, just to try to
19 resolve this issue before the meet starts.

20 MR. DARUTY: Well, we will. And it is an
21 important issue and we will stay on top of it. But I
22 honestly don't believe it's relevant to whether or not our
23 license is approved.

24 CHAIRMAN WINNER: No, it's not.

25 VICE CHAIRMAN AUERBACH: No.

1 CHAIRMAN WINNER: It's not relevant to whether or
2 not your license -- I don't think that's the issue. The
3 issue is, as Vice Chair Auerbach pointed out, everybody
4 loses to some degree if that agreement isn't reached. It's
5 not in anybody's interest, I don't believe, maybe
6 Xpressbet's, maybe TVG's, I don't know.

7 VICE CHAIRMAN AUERBACH: Uh-huh. I don't think
8 so, not that much.

9 CHAIRMAN WINNER: But anyway, you understand the
10 sense of what was --

11 MR. DARUTY: I do, and we will continue to use our
12 best efforts --

13 CHAIRMAN WINNER: Thank you.

14 MR. DARUTY: -- to get them to sign the agreement.

15 CHAIRMAN WINNER: Thank you.

16 Who's -- who would like -- Eric?

17 MR. DARUTY: Well, I think Nate would like to give
18 --

19 CHAIRMAN WINNER: Okay.

20 MR. DARUTY: -- a summary --

21 CHAIRMAN WINNER: Nate?

22 MR. DARUTY: -- of our marketing plan.

23 CHAIRMAN WINNER: Please.

24 MS. NEWBY: Nate Newby, Santa Anita. I'm just
25 going to hit the highlights here. You all have 35 pages of

1 our marketing plan, so I don't want to go into too much
2 detail. But we're looking forward to continuing the
3 momentum off a strong autumn season. Business was up there
4 8 percent in handle and 16 percent in attendance, so we're
5 excited to see that, and looking forward to opening day.
6 Opening day is a Tuesday this year, so that's a bit of a
7 challenge. Last year was a Monday. It was a holiday
8 everybody had off. We had 46,000 people at Santa Anita on
9 opening day last year, which was our biggest opening day in
10 22 years.

11 So we're going to change up the strategy a little
12 bit with a major push to opening day on the Tuesday, but
13 then also opening Saturday and build that business. And
14 then continue our kind of opening advertising push all the
15 way through New Year's Day. So the idea being that after
16 the first week-and-a-half of the season, we'd be, hopefully,
17 in the same position or ahead of last year, even though we
18 know opening Tuesday is a bit of a challenge.

19 You know, our strategy is just to have an event
20 and promotion going on every weekend, similar to what we've
21 done during the last season. We want to capitalize on our
22 big days and bring big on-track crowds and drive handle. We
23 added two new wagers to the wagering menu, which Jackie
24 mentioned, the rolling Super High 5 and the Late Pick 5 at
25 the \$0.50 increment, which players like.

1 And I'm happy to answer any questions.

2 CHAIRMAN WINNER: Any questions? Any questions of
3 anyone else on the -- at the dais?

4 EXECUTIVE DIRECTOR BAEDEKER: Can I point out one
5 thing?

6 CHAIRMAN WINNER: Please.

7 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, I'd
8 like to bring up an issue that I've brought up before, and I
9 acknowledge it's probably a lingering chip on my shoulder
10 from my Hollywood Park days when the final weekend at Santa
11 Anita would be filled with 12 races or more, and as a result
12 our opening book was negatively affected.

13 And I notice that in this current application,
14 listing the number of races for each day, it is indicated
15 that on weekends you'll go from 9 to a maximum of 12. And I
16 suppose it's not really a Horse Racing Board issue as much
17 as it is an issue for the meets that follow you, but it's
18 one thing if it's in the middle of the meet, like you've got
19 several weekends where you can offer 14 races, create big
20 days. I get it.

21 I also understand why offering as many races as
22 you can during the final week helps boost the numbers for
23 the meet. It's important from a financial standpoint.

24 But there's no question, it does have an impact on
25 the meet that follows. And in your situation, you have the

1 two-week meet at Los Angeles which follows, which already is
2 -- faces a bit of a struggle putting together cards down
3 there.

4 So I just bring it up as a matter of information
5 for the Board to be aware of.

6 VICE CHAIRMAN AUERBACH: I don't have a problem
7 with it, Mr. Baedeker, as long as those additional races are
8 filled with turf opportunities. That's my attitude.
9 Because you won't get them until Del Mar, and you have a
10 couple of weeks where, for sure, you don't have them. So I
11 would expect they use good discretion, hopefully, in
12 utilizing those races toward the end of the meet.

13 I know what you're driving at, and I think we all
14 do, but I really don't know if -- thank you -- if we should
15 put ourselves in a position to monitor it, because they
16 would be in a better position to know about the inventory
17 concerns that, as an industry, we all have. So that's my
18 only thought.

19 EXECUTIVE DIRECTOR BAEDEKER: Yeah. I take your
20 point, Commissioner. I know that prior to the fall meet
21 here at Del Mar, there was a great deal of concern about the
22 number of races run at Santa Anita during its closing meet.
23 Santa Anita responded by running, I think, 11 each day. So
24 while that's your desire that the races be made up of a
25 significant number of turf races, there's no requirement

1 that they be made up that way. Just to bring it up. If
2 it's not an issue for anybody else, I'm going to let it go.
3 But I know it was for Del Mar here during the fall meet.
4 There is nobody here, I don't think, from Los Alamitos to
5 express a concern about it, unfortunately.

6 VICE CHAIRMAN AUERBACH: No.

7 EXECUTIVE DIRECTOR BAEDEKER: So if nobody else
8 cares, then I will just cross it off my list of concerns.

9 VICE CHAIRMAN AUERBACH: We'll fight about other
10 things.

11 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

12 CHAIRMAN WINNER: All right. Is there any other
13 discussion?

14 Mr. Avioli, I think, wanted to speak on this
15 issue.

16 So, Gentlemen, you want to just stay there and
17 Greg can speak, because you're going to come up anyway for -
18 -

19 MR. DARUTY: Sure.

20 CHAIRMAN WINNER: -- Golden Gate; correct?

21 VICE CHAIRMAN AUERBACH: Greg, before you speak I
22 have one more question. Stay where you are. This will take
23 two seconds.

24 I'm looking at your management and staff, and I
25 don't see Mr. Ritvo's name on here. Is that by design?

1 MR. DARUTY: Who's Mr. Ritvo?

2 VICE CHAIRMAN AUERBACH: That's what I mean.

3 MR. DARUTY: Obviously, Mr. Ritvo is a key part of
4 our organization, as overseeing the management and staff
5 that's listed here.

6 VICE CHAIRMAN AUERBACH: I would like to see his
7 name on here. He's a key part of what you're doing. I
8 don't know what kind of title you want to give him. But in
9 terms of decision-making process --

10 CHAIRMAN WINNER: He must have a title.

11 VICE CHAIRMAN AUERBACH: -- we must know who he is
12 and he should be listed, unless he's a nefarious felon, at
13 which point I'll be quiet, but I don't think he is.

14 MR. DARUTY: Well, he is the Chief Operating
15 Officer of the Stronach Group, which is the parent company
16 of this license applicant, as well as the license applicant
17 on the next item. I'm not sure if he technically has a
18 title with the operating entities, but, I mean, that's
19 something we can change.

20 VICE CHAIRMAN AUERBACH: I think we should put him
21 on here because he's very key in what's going on. And we
22 should be able to look at this and know who we're talking to
23 and about, so --

24 CHAIRMAN WINNER: We need to hold -- we need to
25 know who to hold responsible.

1 VICE CHAIRMAN AUERBACH: For everything, good and
2 bad.

3 EXECUTIVE DIRECTOR BAEDEKER: So do you want
4 to -- do you want to just amend --

5 MR. DARUTY: We --

6 EXECUTIVE DIRECTOR BAEDEKER: -- your application?
7 You could include him under 4C, the corporate information.
8 Would that be appropriate, the appropriate --

9 MR. DARUTY: That would.

10 EXECUTIVE DIRECTOR BAEDEKER: -- place to --

11 MR. DARUTY: Yes. We will get an amendment in
12 with his name and --

13 VICE CHAIRMAN AUERBACH: It should be because he's
14 --

15 MR. DARUTY: That's okay. We'll get it.

16 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

17 MR. DARUTY: We'll get it amended. And --

18 VICE CHAIRMAN AUERBACH: Please.

19 EXECUTIVE DIRECTOR BAEDEKER: Find some place to
20 put it.

21 MR. DARUTY: -- we'll include his cell phone
22 number, so you know where to call.

23 VICE CHAIRMAN AUERBACH: Thank you.

24 CHAIRMAN WINNER: Greg?

25 MR. AVIOLI: Good morning. Greg Avioli,

1 Thoroughbred Owners of California. How do I begin?

2 The TOC does not appreciate being put in this
3 position.

4 VICE CHAIRMAN AUERBACH: Greg, can you hold
5 the --

6 CHAIRMAN WINNER: Yeah. We can't hear you.

7 MR. AVIOLI: The TOC does not appreciate being put
8 in this position. We have seen no urgency at all from the
9 Stronach Group in completing this horsemen's agreement. As
10 Scott said, we can talk about what's outstanding and what's
11 not outstanding, and I think reasonable people would realize
12 there's not a ton outstanding, but they're important
13 matters.

14 I will tell you, I have utmost respect for Scott
15 Daruty. I've worked with him for five years. Scott Daruty,
16 at the end of the day, is not the CEO of the organization.
17 He does not make final decisions.

18 When I tell you that we don't believe there's been
19 a huge emphasis on getting our agreement done, I can tell
20 you the two new wagers there we're talking about that you've
21 heard about in their application, we received some details
22 yesterday about those. I can tell you that after multiple
23 rounds of negotiating a new stakes' schedule, with it not
24 being completed there was a, quote, administrative error
25 when that schedule was published, and then had to be

1 retracted. I could go on.

2 But my point is we do not see to date any urgency
3 to get this agreement done. Now why is that? Well, I
4 believe it's because the Stronach Group would relish the
5 opportunity to have this Board license them for this
6 upcoming meet without a horsemen's agreement. You say, why
7 would they want that? Because the Stronach Group, as they
8 have made clear to us over and over again, likes how things
9 are in Florida and they like how they are in Maryland where
10 they have pretty much, because of good work on their own
11 end, been able to operate without being too hamstrung by the
12 Commission or by the horsemen.

13 I don't stand here as a Stronach Group hater or,
14 you know, anti-racetrack. If you ask anyone at the Stronach
15 Group in the last two years, since I've been at the TOC,
16 we've had a very good relationship. We have resolved every
17 one of our differences, and I believe we can still do that.

18 On the other hand, sometimes you have to meet
19 power with power. This Board, as was spoken about earlier
20 today, does have the authority to grant a license without a
21 horsemen's agreement. I think you might want to ask Counsel
22 to review the section under how you would go about doing
23 that. I believe it requires a notice and a follow-up
24 meeting. I personally don't believe it can be done today.

25 But I'd urge you not to do it, in any event,

1 because this is not Florida, this is not Maryland, this is
2 California, where the horsemen pay for 50 percent of
3 everything. It's California, where we have to work together
4 to get things done and where we've proven we can work to get
5 things done.

6 Now as I said, the state gives this Board
7 authority, under proper notice, to grant this license
8 without a horsemen's agreement. There's other authorities
9 that are granted to the horsemen under Federal Law. So we'd
10 rather we resolve this by negotiation.

11 We'd ask the Board to move this to December to
12 give the parties time to address this, to have a signed
13 horsemen's agreement with the racetrack, in the same way
14 that we have always done.

15 Thank you.

16 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, it
17 might be appropriate at this point to talk about the
18 conundrum of no horsemen's agreement. This situation is
19 covered by our Rule 2044, and it gives the Board the
20 authority to intervene. It says that the Board may conduct
21 a hearing, but the Board also has the authority to, for
22 instance, give the Chairman the authority to stipulate what
23 parts of previous agreements, for instance, will prevail at
24 the upcoming meeting, or any other components of the
25 agreement.

1 And I think another rule someplace, or maybe the
2 statute, says that the Board either may or shall determine
3 what components will comprise the horsemen's agreement. So
4 the Board has brought authority here. Simply stated, if the
5 parties are unable to reach an agreement the Board can
6 stipulate what the components of the agreement will be in
7 order to conduct a race meet. It doesn't mean that other
8 issues that may not affect the upcoming meet need to be
9 determined.

10 So the problem we have is that we're sitting here
11 in the middle of November.

12 MR. AVIOLI: Correct.

13 EXECUTIVE DIRECTOR BAEDEKER: We have a meeting
14 scheduled, I think for December 14th. However, things
15 happen. And should we have a problem getting a quorum, you
16 know, the Board would be unable to take action.

17 In speaking with our attorneys here moments ago,
18 it's Staff's belief that the Board can give the Chairman
19 authority to use his discretion in determining which
20 components of the agreement need to be in place in order to
21 operate the race meet.

22 COMMISSIONER CHOPER: Do I understand you to say
23 that we can authorize the Chairman to resolve this issue?

24 EXECUTIVE DIRECTOR BAEDEKER: Simply stated, yes.

25 COMMISSIONER CHOPER: Yes.

1 VICE CHAIRMAN AUERBACH: Okay. I have --

2 COMMISSIONER CHOPER: Well, in the absence of
3 anyone wanting to say something, I'd like to so move.

4 VICE CHAIRMAN AUERBACH: Well, here, I have --

5 COMMISSIONER CHOPER: Oh, excuse me.

6 VICE CHAIRMAN AUERBACH: -- a little bit of
7 language. No, that's okay. I have a little bit of language
8 --

9 COMMISSIONER CHOPER: You've got language. Better
10 yet.

11 VICE CHAIRMAN AUERBACH: -- that maybe will help.
12 See, we talked about this --

13 CHAIRMAN WINNER: Well, hold on just a second.

14 VICE CHAIRMAN AUERBACH: -- potential.

15 CHAIRMAN WINNER: Hold on just a second.

16 VICE CHAIRMAN AUERBACH: All right.

17 CHAIRMAN WINNER: Does anybody have any questions
18 or comments for Mr. Avioli before we begin with this? Okay.

19 Thanks Greg.

20 MR. AVIOLI: Thank you.

21 CHAIRMAN WINNER: Now, Vice Chair Auerbach?

22 VICE CHAIRMAN AUERBACH: Greg, I wanted to tell
23 you that when I was on the TOC, we had the same issues with
24 some reluctance sometimes in getting things done, so we do
25 hear you, honestly. We do know what's going on.

1 I would like to move that the Board approve the
2 license on both six and seven for Santa Anita and Golden
3 Gate.

4 EXECUTIVE DIRECTOR BAEDEKER: We can't do seven
5 yet.

6 CHAIRMAN WINNER: Let's do one at a time.

7 VICE CHAIRMAN AUERBACH: Okay.

8 CHAIRMAN WINNER: Six.

9 VICE CHAIRMAN AUERBACH: Sorry. For the Los
10 Angeles Turf Club, approve the license on the condition that
11 all outstanding items be received by Staff no later than
12 Friday, December 1.

13 Further, I move that the Board authorize the
14 Chairman to remove the conditions at his discretion. In
15 other words, if we want to give him the discretion, if
16 there's something that's really out of everybody's control
17 to get in on time, it's up to the Chairman to decide whether
18 or not to grant the license.

19 COMMISSIONER CHOPER: I'll second.

20 VICE CHAIRMAN AUERBACH: Does everybody understand
21 that?

22 COMMISSIONER CHOPER: I'll second that.

23 VICE CHAIRMAN AUERBACH: Okay. Thank you, Jesse.

24 MR. DARUTY: May I ask, when you say all
25 outstanding items, I assume that does not include an ADW

1 agreement with TwinSpires, that you're just referring to the
2 horsemen's agreements?

3 EXECUTIVE DIRECTOR BAEDEKER: Well, I think that's
4 why the word discretion is there for the Chairman.
5 Obviously, there are things -- there could be things,
6 obviously, such as the renewal of the license of the
7 ambulance agreements and so forth that are outside of your
8 control. Things that are outside of your control --

9 VICE CHAIRMAN AUERBACH: Well, then --

10 EXECUTIVE DIRECTOR BAEDEKER: -- the Chairman will
11 have discretion to --

12 VICE CHAIRMAN AUERBACH: Right.

13 EXECUTIVE DIRECTOR BAEDEKER: -- go ahead and
14 remove conditions.

15 VICE CHAIRMAN AUERBACH: And the Churchill
16 agreement, I think, is what Scott was referring to, I think.

17 CHAIRMAN WINNER: Yeah.

18 COMMISSIONER CHOPER: But he has the discretion in
19 respect to matters.

20 CHAIRMAN WINNER: That as well, yeah.

21 COMMISSIONER CHOPER: Yes.

22 VICE CHAIRMAN AUERBACH: Discretion in respect to
23 everything.

24 COMMISSIONER CHOPER: I think that's the answer.

25 We're giving the Chairman the authority to do what has to be

1 done, if the parties can't get together themselves.

2 MR. DARUTY: Okay. Thank you.

3 CHAIRMAN WINNER: All right. Is there discussion?

4 COMMISSIONER CHOPER: It's like the principal
5 getting it --

6 CHAIRMAN WINNER: Can you repeat it one more time?

7 COMMISSIONER CHOPER: -- after the students --

8 CHAIRMAN WINNER: Can you read the --

9 COMMISSIONER CHOPER: -- get things fixed up.

10 CHAIRMAN WINNER: Can you read the --

11 VICE CHAIRMAN AUERBACH: Sure.

12 CHAIRMAN WINNER: Can you read the motion one more
13 time please?

14 VICE CHAIRMAN AUERBACH: I move that the Board
15 approve the license on the condition that all outstanding
16 items be received by Staff no later than Friday, December 1.

17 Further, I move that the Board authorize the
18 Chairman to remove the conditions at his discretion.

19 COMMISSIONER MASS: So can I just offer one
20 amendment to your motion, which would be --

21 VICE CHAIRMAN AUERBACH: Sure.

22 COMMISSIONER MASS: -- in addition to remove,
23 condition the application on any other necessary items that
24 were not included in the letters, so that -- because
25 according to what Rick said, we would -- the Chairman would

1 have the authority to incorporate things in the application
2 that would otherwise be included in the letter. So by just
3 removing them, adding that additional language would give
4 the Chairman the opportunity to include things in the
5 application itself.

6 VICE CHAIRMAN AUERBACH: So what do you want me to
7 put in here, Fred?

8 COMMISSIONER MASS: So in addition to remove or
9 amend the application to include those things which were
10 omitted.

11 VICE CHAIRMAN AUERBACH: Or amend?

12 COMMISSIONER MASS: Or amend the application to
13 include those things.

14 CHAIRMAN WINNER: That's a good suggestion.

15 VICE CHAIRMAN AUERBACH: Okay. So the last line
16 would read --

17 CHAIRMAN WINNER: Wait. There's an amendment --

18 VICE CHAIRMAN AUERBACH: To amend.

19 CHAIRMAN WINNER: -- a motion to include an
20 amendment. Is there a second? Second? I'll second
21 the --

22 VICE CHAIRMAN AUERBACH: I'll second.

23 CHAIRMAN WINNER: -- motion --

24 VICE CHAIRMAN AUERBACH: Okay.

25 CHAIRMAN WINNER: -- of --

1 EXECUTIVE DIRECTOR BAEDEKER: Of the amendment.

2 CHAIRMAN WINNER: -- of the amendment.

3 So let's first vote on the amendment. Is there
4 any discussion on the amendment? All right. The amendment
5 has been moved and seconded.

6 Commissioner Mass?

7 COMMISSIONER MASS: Yes.

8 CHAIRMAN WINNER: Commissioner Solis?

9 COMMISSIONER SOLIS: Yes.

10 CHAIRMAN WINNER: Chairman votes yes.

11 Vice Chair?

12 VICE CHAIRMAN AUERBACH: Yes.

13 CHAIRMAN WINNER: Commissioner Solis {sic}?

14 COMMISSIONER CHOPER: Yes.

15 CHAIRMAN WINNER: Commissioner Ruano?

16 COMMISSIONER RUANO: Yes.

17 CHAIRMAN WINNER: Okay. So the amendment has been
18 adopted.

19 And now the motion is on the floor. Any
20 discussion, further discussion or comment on the motion?

21 Hearing none, Commissioner Mass?

22 COMMISSIONER MASS: Yes.

23 CHAIRMAN WINNER: Commissioner Solis?

24 COMMISSIONER SOLIS: Yes.

25 CHAIRMAN WINNER: Chairman votes yes.

1 Commissioner Auerbach?

2 VICE CHAIRMAN AUERBACH: Yes.

3 CHAIRMAN WINNER: Commissioner Choper?

4 COMMISSIONER CHOPER: Yes.

5 COMMISSIONER RUANO: Yes.

6 CHAIRMAN WINNER: And Commissioner Ruano?

7 All right. So the motion carries. So the license
8 is approved with those contingencies, as per the motion.

9 MR. DARUTY: Thank you.

10 CHAIRMAN WINNER: All right. Let's move on then
11 to item number seven. Item number seven, discussion and
12 action by the Board on the Application for License to
13 Conduct a Horse Racing Meeting of the Pacific Racing
14 Association at Golden Gate Fields, commencing December 20th
15 through June 12th, 2018. Opening day is December 26th.

16 Gentlemen?

17 MR. DARUTY: Scott Daruty on behalf of Golden Gate
18 Fields.

19 And we, I guess, carry over a lot of the comments
20 from the prior item. We do have a marketing plan update for
21 you, which we can talk about. I don't know if there are
22 other questions as far as items missing. Everything from
23 the prior item applies here, as well.

24 CHAIRMAN WINNER: There also -- I think there's a
25 stabling issue which I think has to do with the CTT

1 agreement, if not the TOC agreement, is that correct, Scott?

2 MR. DARUTY: Yeah. Well, as far as the stabling
3 at Golden Gate Fields is concerned, we would be stabling on
4 our facility for our entire meet. We would not be using any
5 auxiliary stabling facilities. We have 1,500 stalls at
6 Golden Gate Fields that are complete and available for
7 occupancy. That's a larger number than there used to be,
8 but as you're aware, we added about 70 new stalls at Golden
9 Gate Fields. Those new stalls are occupied, and we
10 currently have about 1,400 horses on the property occupying
11 those 1,500 available stalls.

12 I will note, it doesn't really have to do with our
13 application, but we did receive a notification recently from
14 CARF that they wanted to withdraw from the Stabling and
15 Vanning operation in Northern California, and as such would
16 not be using Golden Gate Fields as a stabling facility next
17 summer. If that's the case, then we would be in a position
18 of not being able to keep Golden Gate open for stabling next
19 summer because no one would be reimbursing us for that cost.

20 Again, I don't think that relates to our
21 application, but I wanted to mention that because that is
22 something that's very important to the Northern California
23 industry. And that was a decision that CARF made on their
24 own.

25 CHAIRMAN WINNER: And that's based on cost, as I

1 understand it, the fact that they feel they have the -- they
2 have the space within their own facilities and that the cost
3 to them, they believe, is prohibitive; is that not accurate?

4 MR. DARUTY: That's my understanding, yes.

5 CHAIRMAN WINNER: Okay. And the concern is, as I
6 understand it, that if Golden Gate is closed we might lose
7 some horses from California, or at least from Northern
8 California; is that right?

9 MR. DARUTY: The concern is if Golden Gate Fields
10 is closed for two months next summer, that there might be
11 some horses that have stabled there year-round historically
12 that leave to go somewhere else. And the question is
13 whether they would come back when we reopen or not?

14 CHAIRMAN WINNER: Okay. So that's an issue
15 of -- I mean, it's a market issue; right? It's a question
16 of cost versus supply and demand, so to speak?

17 MR. DARUTY: Yes. I also think it's more an issue
18 for the CARF --

19 CHAIRMAN WINNER: Right.

20 MR. DARUTY: -- applications as to whether or not
21 you find they have adequate stabling on their own.

22 CHAIRMAN WINNER: Okay. And does that effect the
23 CTT agreement in any way --

24 MR. DARUTY: Well --

25 CHAIRMAN WINNER: -- for your --

1 MR. DARUTY: -- so the --

2 CHAIRMAN WINNER: -- for your --

3 MR. DARUTY: Yeah. Sorry. So the way it impacts
4 this application is, again, I don't want to put words in
5 Alan's mouth, he's here and can speak for himself --

6 CHAIRMAN WINNER: (Indiscernible.)

7 MR. DARUTY: -- but we've been told that CTT was
8 not willing to sign the agreement with us until that issue
9 was resolved.

10 CHAIRMAN WINNER: Okay. So it does impact the
11 Golden Gate license to the extent that CTT has taken a
12 position based on Stabling and Vanning?

13 MR. DARUTY: Correct.

14 CHAIRMAN WINNER: Okay.

15 EXECUTIVE DIRECTOR BAEDEKER: And, Mr. Chairman, I
16 might point out that the Board extended the deadline for the
17 Vanning and Stabling Agreement for the north from November
18 1st to December 1st, so that agreement is due to the Board
19 by that date.

20 MR. DARUTY: Well, but at this point I don't think
21 you'll be receiving anything because I don't think there's a
22 Stabling and Vanning left in Northern California if CARF is
23 withdrawing. In other words, it's an entity with no
24 participants anymore.

25 CHAIRMAN WINNER: It's probably true, if CARF

1 withdraws.

2 EXECUTIVE DIRECTOR BAEDEKER: Somebody can send us
3 a letter saying that --

4 CHAIRMAN WINNER: Yeah.

5 EXECUTIVE DIRECTOR BAEDEKER: -- the entity no
6 longer exists.

7 MR. DARUTY: We can make sure that --

8 EXECUTIVE DIRECTOR BAEDEKER: Yeah, I think that's
9 right --

10 CHAIRMAN WINNER: Yeah.

11 EXECUTIVE DIRECTOR BAEDEKER: -- per the statute.

12 MR. DARUTY: Well, and there's no business plan to
13 submit.

14 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

15 CHAIRMAN WINNER: Mr. Avioli, well, I have Mr.
16 Balch.

17 MR. AVIOLI: Oh.

18 CHAIRMAN WINNER: I have a card for Mr. Balch I'd
19 like to --

20 MR. AVIOLI: Well, I was just going to clarify. I
21 mean --

22 CHAIRMAN WINNER: Okay. Go ahead.

23 MR. AVIOLI: -- the TOC is still a member, so we
24 might be the last person standing, but there is -- the
25 entity hasn't technically gone away. And again, CARF can't

1 actually leave, I believe, until this Board authorizes that.

2 So just them notifying, you know, they're out, it doesn't
3 work that way. So as of now there's still CARF and TOC --

4 CHAIRMAN WINNER: Our lawyer -- I'm looking
5 at --

6 MR. AVIOLI: -- and Santa Rosa, as well as, I
7 think --

8 CHAIRMAN WINNER: I'm looking at Mr. Laird --

9 MR. AVIOLI: -- (indiscernible).

10 CHAIRMAN WINNER: -- and he's agreeing with
11 you --

12 MR. AVIOLI: That's good.

13 CHAIRMAN WINNER: -- I think.

14 MR. LAIRD: Phil Laird, CHRB Staff.

15 Yeah, the law basically says that they're only
16 allowed to withdraw if they have sufficient stalls, just
17 based on their own, which I think his point is will be
18 decided at the time of their race meet application.

19 EXECUTIVE DIRECTOR BAEDEKER: So the earliest that
20 would be decided is when Pleasanton submits its race meet
21 application; correct? They begin on, depending on how the
22 dates are resolved later in this meeting, but as currently
23 allocated, I think they start on June 14th. So a couple of
24 months prior to that, this issue will come before the Board.

25 CHAIRMAN WINNER: Okay. Mr. Balch?

1 MR. BALCH: Alan Balch, California Thoroughbred
2 Trainers. Thank you, Commissioners, for your attention to
3 this important matter.

4 I agree with most of what has been stated, but the
5 fundamental disagreement is the technical idea that Stabling
6 and Vanning later on would not impact the Golden Gate winter
7 license application. I think what we're facing here, which
8 we have faced many times before at great peril, and now the
9 peril, we believe, is greater than ever, of a lack planning
10 and a lack of understanding of the long-term need of
11 horsemen, including trainers and breeders, especially in
12 Northern California, to plan for the future.

13 And when we have a standoff, which we apparently
14 do, between racing associations, Stronach Group on the one
15 hand and CARF on the other hand, we have the very unhealthy
16 prospect of sort of a mutual firing squad. And the victim
17 is the racing. The victim is the horsemen. And we cannot,
18 the trainers cannot, in good conscience, sign a race meet
19 agreement with one or the other. What's happened here is
20 just a matter of timing. Golden Gate's application is
21 first. The CARF applications will be later. Well, if we
22 are to agree to Golden Gate, then we automatically put CARF
23 in a different situation, and vice versa.

24 These things must be solved together for the good
25 of racing. I don't think, whether it's CARF or the Stronach

1 Group, that we should be in a position of exceeding to
2 decision making by fait accompli. And that is basically
3 where we are.

4 And I regret it very much. I know that the
5 California Thoroughbred Trainers as an entity doesn't have
6 any kind of influence in this situation, except attempting
7 to express the rationality of irrationality of the situation
8 we face.

9 But let's remember, if you're a horsemen, meaning
10 an owner, a trainer or a breeder, and there is this
11 uncertainty of what will happen a few months from now as to
12 stabling in Northern California, that will impact you. And
13 in our opinion, it will impact the south, as well. We
14 believe that the Racing Board should look at the entire.
15 We've made this statement many, many times. And all these
16 interdependent parts just must work together.

17 Mr. Baedeker told me that there would be a
18 Stabling and Vanning meeting, we hope, in early December,
19 but now that's up in the air as to whether the parties will
20 even meet. So --

21 EXECUTIVE DIRECTOR BAEDEKER: I don't remember
22 telling you that. If I did, I don't know why I did. I
23 think it might have been the reference to the fact that the
24 plan for the north had to be submitted by December 1st.

25 MR. BALCH: That's exactly it. And that was --

1 EXECUTIVE DIRECTOR BAEDEKER: Mr. Daruty just
2 pointed out, if there's no Vanning and Stabling Committee,
3 then there's no plan.

4 MR. BALCH: Well, that is correct. The email, I
5 received an email from you about the agreement on December
6 the 1st. A previous speaker made much of the plenary powers
7 of this Board, which I've called to this Board's attention
8 before, as well, under the law.

9 I think we're in desperate need of the Racing
10 Board, whether it's the Chairman or anybody he designates,
11 to require the parties to come together immediately in the
12 presence of one or two Commissioners of the Racing Board and
13 address this very serious standoff, because that's what we
14 have and it's going to result in both sides, CARF and the
15 Stronach Group, losing. And more importantly, it's going to
16 result in a great loss to the horsemen throughout the state,
17 but particularly in Northern California, and particularly
18 the breeding industry which has so much moved to Northern
19 California over the last couple of decades.

20 So we think it's very, very serious, as you can
21 tell. Thank you.

22 CHAIRMAN WINNER: Mr. Balch, thanks, Alan. I
23 mean, the problem here is, obviously, that we're talking
24 about two entities who are negotiating with one another. And
25 we're primarily talking about a cost issue and a need issue.

1 And unfortunately, everyone else is affected by that
2 particular issue. I'm not sure about the numbers, but my
3 understanding is or my recollection is that there's been an
4 increase in the cost of stabling at Golden Gate because
5 Golden Gate, their view is in order to just break even they
6 need to increase the cost of stabling there, and CARF is
7 unwilling to pay it because they don't feel that they need
8 it.

9 So you're right, everybody suffers if we lose
10 horses. And it does, I think you're right, it effects the
11 whole state. I don't disagree that there's a relationship
12 between the north and the south. I'm not sure exactly how
13 it effects the south, but it probably does affect the south.

14 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, may I
15 add --

16 CHAIRMAN WINNER: Yes.

17 EXECUTIVE DIRECTOR BAEDEKER: -- we've heard,
18 secondhand usually, what you're heard about these cost
19 issues. But I think it is so important to have somebody
20 impartial be in the same room at the same time that these
21 cost issues are debated and put forward. If this was just
22 about cost, I think we all know that cost items can almost
23 always be compromised. I think this is about more than
24 cost. It's about authority. It's about dates. It's about,
25 well, they won't be able to survive if we do this and they

1 won't be able to survive if we do that. That's where the
2 breeders and the trainers are in the middle. And I think
3 TOC has attempted to get a meeting of the minds.

4 But I do think we need leadership and activity by
5 the Racing Board, a neutral, a neutral, to look at this and
6 see if there is a way promptly to get this resolved for the
7 good of everybody. Later on could well be too late. I know
8 many people here probably disagree with me. But I strongly
9 believe, we as an organization strongly believe that given
10 how horses are bred and brought into the stream, that by
11 March, April and May, during this Golden Gate meeting, if
12 this isn't resolved, they will have a very serious effect on
13 Golden Gate racing, not to mention what comes after.

14 Thank you.

15 MR. DARUTY: May I comment?

16 CHAIRMAN WINNER: Yeah, please do.

17 MR. DARUTY: I just want to make clear, and I
18 think I said this earlier, but I want to make clear for the
19 record, and also for this Board, we're absolutely willing to
20 keep Golden Gate Fields open for stabling next summer,
21 absolutely we are. We have always been open in the summer
22 for stabling, and we've always been reimbursed by the Fairs
23 for the cost of the stabling, although sometimes we didn't
24 quite get reimbursed as much as it cost us.

25 I'm not aware of any negotiation or discussion

1 that's even taken place. We just received a notice from
2 CARF that said they were no longer interested in using us as
3 a stabling facility. That's as much as we know.

4 So if someone is willing to reimburse us the cost
5 of staying open, we're happy to be open and we'd like to be
6 open.

7 CHAIRMAN WINNER: But in all fairness, and I'm not
8 suggesting that's not a reasonable position, but in all
9 fairness there is a question of cost, obviously, because the
10 cost has increased from what it was. And it may be at any
11 cost they're not interested, I don't know, but there is a
12 dollar amount here. I mean, there's a market issue involved
13 in this discussion.

14 MR. DARUTY: Correct. And they did not come to us
15 and say, you know, we'll pay you X but we won't pay you Y.
16 They just said they think they have enough stables on their
17 own and they're not interested in using our facility. And
18 it's their choice. That's fine. But I just wanted to make
19 clear to this Board, we're absolutely willing to be open
20 next summer.

21 CHAIRMAN WINNER: And let me say that I will
22 be -- I am certainly open to calling a meeting of all of the
23 participants with myself, Staff, Mr. Baedeker, and one other
24 Commissioner, to help in any way that I can or that we can
25 in trying to resolve this issue. I'm happy to do it, if

1 that's what the various participants -- if the various
2 participants would agree to participate, then it would be
3 worthwhile. But if there are those who say, well, we're not
4 going to participate, then there's no sense my doing that or
5 anybody else doing that.

6 MR. DARUTY: Well, we would certainly participate
7 in it.

8 CHAIRMAN WINNER: All right.

9 Larry, would CARF participate?

10 MR. SWARTZLANDER: Yes.

11 CHAIRMAN WINNER: Okay. Then, Alan, I'll follow
12 your recommendation, unless the Board disapproves, and we'll
13 set a time. And hopefully everybody can bet there and we'll
14 try to work it out. Obviously, we're going to be heading
15 into holidays, so I'll try to work it so that it's
16 convenient for as many people as possible and we'll have a
17 meeting and try to work it out.

18 MR. BALCH: Thank you, Mr. Chairman and others.

19 CHAIRMAN WINNER: Thank you.

20 MR. DARUTY: On more mundane matters, we do have
21 Dan here to give --

22 CHAIRMAN WINNER: Yeah, please.

23 MR. DARUTY: -- a summary --

24 CHAIRMAN WINNER: Thank you.

25 MR. DARUTY: -- of marketing, if you're

1 interested.

2 MR. CIRIMELE: Dan Cirimele, Golden Gate Fields.

3 This is an exciting season for us. We'll have
4 some of our biggest and best race days of the year during
5 the winter and spring.

6 Just to touch on some of the highlights from our
7 calendar, we're looking to introduce some handicapping
8 seminars, starting with the -- or handicapping contests with
9 the Pegasus World Cup Betting Challenge -- or Championship,
10 being our first one that we'll try in January as being a
11 host site for that.

12 In February, we have a Derby prep, Grade 3 El
13 Camino Real Derby.

14 We'll also offer a great weekend of turf racing in
15 late April, starting on the 28th with the \$100,000 Grade 3
16 San Francisco Mile. The following day, we'll offer two
17 \$100,000 stakes for Cal-breds on the turf as part of the
18 Golden State Series. Those are the Sulky Sullivan and the
19 Campanile. Typically, we offer our Latin Music Festival
20 that day. It's one of our most attended events with about
21 8,000 to 10,000 guests coming out to the races for that
22 weekend, so that's a great weekend for racing at Golden
23 Gate.

24 Obviously, being the spring, we'll be running
25 during the Triple Crown season, which are still really big

1 days for us. We'll celebrate the occasion of various
2 events, like the biggest Derby party in the Bay Area, and
3 the Belmont Wine Festival.

4 For our media, we'll have TV, print and radio,
5 along with our social channels. On TV, our race replay show
6 will air every Saturday and Sunday on KTSF. For radio, our
7 one-hour show will air every Sunday morning on KNBR 680, the
8 number sports radio network in the Bay area. In print, our
9 house handicap entries and results will appear every race
10 day in the San Francisco Chronicle, and we're very happy
11 about our partnership with them.

12 And lastly, I do have some exciting news. Matt
13 Dinerman, our talented Track Analyst, will be our new full-
14 time Track Announcer starting on opening day, December 26th.

15 So we're all big fans of him. I know he has a big
16 following, too, so we're excited to welcome him to the booth
17 and get the seasons started.

18 Thank you.

19 CHAIRMAN WINNER: That's good news. All right.
20 Any questions?

21 Do you have a motion, Vice Chair Auerbach?

22 VICE CHAIRMAN AUERBACH: Yes. I move that the
23 Board approve the license on the condition that all
24 outstanding items be received by Staff no later than Friday,
25 December 1st.

1 Further, I move that the Board authorize the
2 Chairman to remove or amend the conditions at his
3 discretion.

4 CHAIRMAN WINNER: With the amendment?

5 EXECUTIVE DIRECTOR BAEDEKER: That includes the
6 amendment.

7 VICE CHAIRMAN AUERBACH: I did. I added it.

8 CHAIRMAN WINNER: Oh, you added it?

9 VICE CHAIRMAN AUERBACH: Yeah.

10 CHAIRMAN WINNER: Okay.

11 VICE CHAIRMAN AUERBACH: I added it.

12 COMMISSIONER MASS: I'll second.

13 CHAIRMAN WINNER: And there's -- okay. Vice Chair
14 Auerbach has moved, Commissioner Mass has seconded. Any
15 discussion? All right. We'll take a vote.

16 Commissioner Ruano?

17 COMMISSIONER RUANO: Yes.

18 CHAIRMAN WINNER: Commissioner Choper?

19 Commissioner Choper abstains for the moment.

20 Commissioner Auerbach?

21 VICE CHAIRMAN AUERBACH: Yes.

22 CHAIRMAN WINNER: Chairman votes yes.

23 Commissioner Solis?

24 COMMISSIONER SOLIS: Yes.

25 CHAIRMAN WINNER: And Commissioner Mass?

1 COMMISSIONER MASS: Yes.

2 CHAIRMAN WINNER: Commissioner Choper, how do you
3 vote?

4 COMMISSIONER CHOPER: Yes.

5 CHAIRMAN WINNER: Commissioner Choper votes yes.

6 All right.

7 MR. DARUTY: Thank you.

8 CHAIRMAN WINNER: So that motion has been
9 approved. Thank you very much.

10 Let's move on to one that may not be as difficult.

11 VICE CHAIRMAN AUERBACH: Maybe.

12 CHAIRMAN WINNER: Discussion and action by the
13 Board on the Application for License to Conduct a Horse
14 Racing Meeting of Watch and Wager, LLC at Cal Expo,
15 commencing December 26, 2017 through May 12, 2018.

16 Chris, Gentlemen?

17 MR. SCHICK: Well, good morning, Chairman Winner,
18 Members of the Board, Chris Schick, Watch and Wager.

19 MR. KENNEY: Ben Kenney, Watch and Wager.

20 MR. CUMMINGS: Ed Cummings, Watch and Wager.

21 MR. PICKERING: Rick Pickering, Cal Expo.

22 CHAIRMAN WINNER: Go ahead, Gentlemen.

23 MR. SCHICK: Good morning, Mr. Chairman. Our
24 application is for the, essentially, the same 39 days as
25 last year, starting December 26th through May 5th. A couple

1 of issues, if I could take a minute to update the Board on.

2 One is our third-party Lasix. Our agreements are
3 all in. Through our first five nights, we've actually been
4 unofficially using the Third-Party Lasix Program, and it's
5 been working very well. We've had no complaints at all.
6 And we expect a seamless transition when we actually move
7 over on December 26th. So that's something that we were
8 concerned about, our horsemen were concerned about.

9 On a couple of larger initiatives that I've talked
10 to the Board about on prior license applications, first of
11 all, as I mentioned, a good group of our horsemen, probably
12 50 percent of more, race in Minnesota in the summer. And
13 we've been talking with them about things that we could work
14 together on in terms of them accommodating our guys and vice
15 versa.

16 And we've reached an agreement over the summer
17 where we would institute a bonus program Minnesota started
18 with their meet last summer. For any horse that races at
19 Cal Expo, you would get a ten percent win bonus if you win
20 in Minnesota. And we adopted the same program, which we
21 started in October. So that's been very popular with our
22 horsemen. We were able to get one real large stable out of
23 Minnesota. I don't know if that was solely the reason, but
24 certainly putting a little sweetener out there didn't help,
25 so that's been good.

1 As I mentioned earlier, Ben and I spent some time
2 up in Alberta this winter -- or this summer, actually, and
3 our recruiting efforts were really good. There's a big
4 schedule change that's supposed to hit up there starting
5 next year where they will be dark, possibly January,
6 February and March. And a lot of the horsemen up there are
7 interested in racing in California. So we reached out to
8 them. We talked to them a lot.

9 We're really happy with the recruiting this year.
10 Hopefully next year, it will be even stronger. We've
11 talked to the management up there. They were supportive of
12 what we were doing. We told them, we were not trying to
13 steal their horses, we're just trying to form -- put two
14 circuits together and strengthen them both. And we've had
15 discussions regarding a possible Can-Am free-for-all series.
16 And we've got some discussions going with them.

17 So just in general, we're not sitting back and
18 waiting for something to happen, you know, in Sacramento.
19 We're trying to, you know, deal with some of the structural
20 issues that we've got.

21 CHAIRMAN WINNER: Thank you very much.

22 Any questions, comments?

23 COMMISSIONER MASS: I'm just curious with your
24 experience with Churchill Downs and TwinSpires and whether
25 you had any hiccups with the ADW?

1 MR. CUMMINGS: Sorry. On the ADW side?

2 COMMISSIONER MASS: Yes.

3 MR. CUMMINGS: Well, as you know, Watch and Wager
4 is licensed in California as an ADW. Yeah, we have all the
5 content. Currently, we're waiting to hear from Monarch on
6 their analysis of what they call the smaller ADWs and
7 whether we'll be granted the content for next year.
8 Currently, we do have the content, but our Californian
9 residents are unable to bet Monarch content.

10 Having said that, we've picked up quite a few of
11 the tracks that aren't directly owned by Stronach, Del Mar
12 being an example where our Californian residents, obviously,
13 bet Del Mar and the Breeders' Cup.

14 So that's the current situation. We're not very
15 happy about it, but that's the current situation.

16 MR. SCHICK: Yeah. And with regard to TwinSpires
17 and the Churchill Group, as Ed knows, we fought that battle
18 about three years ago and it was -- it's a pretty tough
19 battle. They're strong negotiators, there's no question
20 about that. And -- but I'd say right now we have reached a
21 good understanding and we haven't had any battles in the
22 last three years, and I don't anticipate any as far as
23 TwinSpires being able to wager on the Cal Expo content.

24 CHAIRMAN WINNER: Okay. Is there a motion?

25 EXECUTIVE DIRECTOR BAEDEKER: Can I ask a question

1 first?

2 CHAIRMAN WINNER: Yes, you may.

3 EXECUTIVE DIRECTOR BAEDEKER: Just a quick one. I
4 think it's of Rick Pickering.

5 Is the work completed to secure the enclosure that
6 we've been trying to get done for the last year or so? I
7 know that it's been a complicated process.

8 MR. PICKERING: The work has been completed. It
9 hasn't --

10 CHAIRMAN WINNER: Go ahead and introduce yourself,
11 Rick.

12 MR. PICKERING: Rick Pickering, CEO of your
13 California State Fair, Cal Expo.

14 The work has been completed. The campground is
15 completely secure, separate from -- excuse me. The RV park
16 is completely separate from the full enclosure now.

17 EXECUTIVE DIRECTOR BAEDEKER: Yeah. That's good to
18 hear. I couldn't remember if I'd been told that it was
19 finally completed, but appreciate the fact that you did step
20 forward, working with these guys and do what needed to be
21 done.

22 Commissioners, we had several weak spots in the
23 enclosure that could have permitted unauthorized persons to
24 enter. And we addressed with management and staff and they
25 spent the money and got it fixed. Appreciate it.

1 MR. PICKERING: We've had -- Watch and Wager has
2 been an outstanding partnership. They had over 4,500 starts
3 in 2016. We just wrapped up. We're still moving forward.
4 They've been a great partner. They assisted with the
5 purchase of the inside race rail which benefits our mixed
6 breed, as well as our thoroughbreds, so thank you for that.

7 We've regularly been at the table negotiating rent terms
8 and lease terms. In recognition of their great job, we've
9 reduced their rent twice in the last several years.

10 But they've also stepped up in a number of other
11 ways. This last summer, they put some money into our
12 thoroughbred racing product, helped us do some marketing,
13 some advertising, and we appreciated that, as well. So it's
14 not just harness racing. They've proven that the stabling
15 area at Cal Expo is very viable with the 4,500 starts this
16 last year, so complements to these guys. They're a great
17 tenant and business partner.

18 CHAIRMAN WINNER: Thank you. Now is there a
19 motion?

20 COMMISSIONER SOLIS: Move.

21 CHAIRMAN WINNER: Commissioner Solis moves.

22 COMMISSIONER MASS: Second.

23 CHAIRMAN WINNER: Commissioner Mass seconds
24 approval of the license. Any discussion?

25 Commissioner Ruano?

1 COMMISSIONER RUANO: Yes.

2 CHAIRMAN WINNER: Commissioner Choper?

3 COMMISSIONER CHOPER: Yes.

4 Vice Chair Auerbach?

5 VICE CHAIRMAN AUERBACH: Yes.

6 CHAIRMAN WINNER: Commissioner -- Chairman votes
7 yes.

8 Commissioner Solis?

9 COMMISSIONER SOLIS: Yes.

10 CHAIRMAN WINNER: Commissioner Mass?

11 COMMISSIONER MASS: Yes.

12 CHAIRMAN WINNER: All right, unanimously approved.

13 Have a great meet, guys.

14 MR. SCHICK: Thank you.

15 CHAIRMAN WINNER: Thank you for everything.

16 Okay, we'll move on to item number nine,
17 discussion and action by the Board on the Application for
18 License to Conduct Advance Deposit Wagering of Game Play
19 Network, Inc., as a California multi-jurisdictional wagering
20 hub, for a period of up to two years.

21 Let me just -- before we get on, should this, if
22 it's approved, should it not be consistent with the other
23 ADW licensees?

24 VICE CHAIRMAN AUERBACH: That was my point, too.

25 We wanted them all to --

1 CHAIRMAN WINNER: Yeah. We wanted them all --

2 VICE CHAIRMAN AUERBACH: -- end at the same time.

3 CHAIRMAN WINNER: -- to end at the same time.

4 EXECUTIVE DIRECTOR BAEDEKER: Oh, are you talking
5 about --

6 CHAIRMAN WINNER: Yeah.

7 VICE CHAIRMAN AUERBACH: Yeah.

8 EXECUTIVE DIRECTOR BAEDEKER: -- the timeline?

9 CHAIRMAN WINNER: Yeah. Yeah.

10 VICE CHAIRMAN AUERBACH: Yeah.

11 EXECUTIVE DIRECTOR BAEDEKER: The timeline, yeah,
12 although I'd have to be refreshed on the timeline that we've
13 established for the others.

14 VICE CHAIRMAN AUERBACH: It was two years.

15 MS. WAGNER: Jackie Wagner, CHRB Staff.

16 The term limit is two years. And I believe the
17 other ADW licenses extend through December 2018.

18 CHAIRMAN WINNER: Through?

19 MS. WAGNER: December 2018.

20 CHAIRMAN WINNER: Okay. So my view would be that
21 this -- that if this license is approved it ought to be
22 consistent and expire at the same time the others do because
23 there are certain requirements that we've invoked with
24 respect to financial documents.

25

1 MS. WAGNER: Absolutely. We can do that, to put
2 them all on the same expiration term.

3 CHAIRMAN WINNER: Thank you, Jackie.

4 MS. WAGNER: Uh-huh.

5 CHAIRMAN WINNER: All right. Gentlemen?

6 MR. HASSON: Joe Hasson, Game Play Network.
7 And we're fine with changing the term to December
8 31st, 2018.

9 MR. FINE: Russell Fine, President, Game Play
10 Network.

11 CHAIRMAN WINNER: Thank you. Go ahead, please.

12 MR. HASSON: Chairman, Vice Chairman,
13 Commissioners --

14 MS. WAGNER: I'm sorry. Before they start with
15 their presentation, I would like to add that Game Play has -
16 - we have received their HUB agreement. It's noted as
17 outstanding.

18 CHAIRMAN WINNER: That was the outstanding
19 document?

20 MS. WAGNER: Yeah.

21 CHAIRMAN WINNER: That was the outstanding
22 document?

23 MS. WAGNER: It was outstanding, but we do have
24 that.

25 CHAIRMAN WINNER: Thank you.

1 MS. WAGNER: Uh-huh.

2 MR. HASSON: Yes, we do.

3 Chairman, Vice Chairman, Commissioners, Executive
4 Director, CHRB Staff, thank you for the opportunity to do
5 business in the horse racing industry in the State of
6 California. We appreciate it.

7 We're a startup company. We've invested
8 approximately \$30 million in developing our product, which
9 we believe will be very beneficial to the horse racing
10 industry as we bring in customers that are not existing
11 players but players outside of the realm of horse racing.

12 My colleague, Russell Fine, is one of the original
13 founders of Youbet.com, which is now TwinSpires. It started
14 in 1995. And we have substantial experience in this
15 industry, over 20 years. And we believe we have a product
16 that will eventually get to a point where we are generating
17 significant handle for the state from new customers.

18 COMMISSIONER CHOPER: Could you give just a brief
19 summary of why you think you can get new people in, or how
20 you're going to do it, or whatever you can add to that?

21 MR. HASSON: Sure. So our product offers the
22 consumer a game interface that allows them to play a game on
23 their mobile phone, so they don't need to become an expert
24 in handicapping. And the game does not provide any
25 gambling, but it reveals the results of gambling that

1 they've done through purchasing a package, what we call it,
2 which is similar to like tokens when you go to a penny
3 arcade. You buy \$20.00 of tokens and then you play them out
4 in the game. When you buy the tokens, we place, for our
5 consumers, a series of wagers, and then the results are
6 revealed through those tokens.

7 Was that helpful?

8 COMMISSIONER CHOPER: Yeah. Have you gotten legal
9 opinion from someone in California that this is consistent -
10 -

11 MR. HASSON: Yes, we do.

12 COMMISSIONER CHOPER: -- with the constitutional
13 provision?

14 MR. HASSON: Yes, we do.

15 MR. FINE: Many.

16 COMMISSIONER CHOPER: Could you tell me what firm
17 that was?

18 MR. FINE: I would have to provide that in
19 writing. We have, actually, multiple law firms. Our
20 original firm, I believe, was Pillsbury Madison on our first
21 legal opinion.

22 COMMISSIONER CHOPER: That's good enough.

23 MR. FINE: Sheppard Mullin is one of our firms. We
24 started this in 2012 --

25 COMMISSIONER CHOPER: Uh-huh.

1 MR. FINE: -- with the intent to find a new way to
2 bring handle into the pools from non-handicappers.

3 I should mention, by the way, thank you for the
4 privilege of sitting here. I've spent most of my adult
5 career involved in the horse racing industry and this is
6 actually my first opportunity to sit in front of a Board, so
7 thank you for that --

8 CHAIRMAN WINNER: Well, thank you.

9 MR. FINE: -- for the opportunity.

10 As Joe mentioned, my partner, Dave Marshall and I,
11 founded Youbet.com in the early '90s when we were using
12 dial-up modems, with the idea of bringing horse racing into
13 people's homes when they couldn't be at the track, and took
14 that public. And that was successfully sold to Churchill
15 Downs, I think as most of you know.

16 The concept with Game Play Network in 2012 was
17 could we find a way to bring non-handicappers into pari-
18 mutuel pools by taking advantage of the huge move towards
19 mobile gambling -- excuse me, gaming. So we all know, smart
20 phones have become, you know, a common part of life.
21 Entertainment has now moved. You know, Candy Crush and
22 these games produce hundreds of millions of players. And
23 sort of the idea was a lot of players like to play games for
24 fun on Candy Crush. Wouldn't it be fun if we also,
25 essentially, put horse racing, Quick Picks, and the ability

1 for them to pick a series of wagers and then play the game,
2 to find out, could we use that as a mechanism to add cash
3 excitement into the game and people into horse racing at the
4 same time?

5 And we approached Pillsbury Madison in 2012 and
6 received a legal opinion, and then followed that with a
7 series of licenses. We've now spent five years, in excess
8 of \$30 million, and we are now in market with our product.
9 And we're saying player growth, and these are all completely
10 brand new accounts. So our goal is, over the next couple of
11 years, to see meaningful and material impact on the handle.

12 CHAIRMAN WINNER: Good luck.

13 MR. FINE: Thank you.

14 CHAIRMAN WINNER: This is --

15 MR. FINE: Thank you. We're trying.

16 CHAIRMAN WINNER: This is something, I don't know
17 if it was either of you gentlemen, but this is something
18 that's been brought to our attention --

19 VICE CHAIRMAN AUERBACH: Yeah.

20 CHAIRMAN WINNER: -- in the past; correct?

21 MR. HASSON: Correct.

22 CHAIRMAN WINNER: And with the concept, at least,
23 but I think this is the first time you've appeared with a
24 request for a license, is that --

25 MR. FINE: No.

1 MR. HASSON: no.

2 MR. FINE: This will be a renewal.

3 MR. HASSON: This is a renewal.

4 MR. FINE: Our first license was granted in 2014.

5 We were originally granted --

6 CHAIRMAN WINNER: I apologize.

7 MR. FINE: -- a license by Oregon in 2013. We're
8 licensed by the New York State Gaming Commission. We're
9 licensed in Colorado, and several other states.

10 CHAIRMAN WINNER: Okay. I apologize.

11 MR. FINE: Yes, this is a renewal. We've been
12 operating now, I think --

13 MS. WAGNER: Renewal.

14 MR. FINE: Sorry.

15 CHAIRMAN WINNER: Okay.

16 MR. FINE: Thanks.

17 COMMISSIONER CHOPER: I think I probably asked you
18 that question before, too; didn't I?

19 MR. HASSON: That's fine.

20 CHAIRMAN WINNER: Okay. Is there any -- are there
21 any questions or discussion?

22 COMMISSIONER MASS: Just a couple questions, Mr.
23 Chairman.

24 CHAIRMAN WINNER: Please.

25 COMMISSIONER MASS: I had the same questions as

1 Commissioner Choper regarding the nuances here of the
2 constitutional limits of this in the context of historic
3 racing and some of the questions that the Chairman raised as
4 some of the other applicants we've had or people who have
5 appeared before us.

6 I'm just curious, I don't know if you've looked at
7 that as something to embed in what you're doing and whether
8 you studied the historical racing aspects of this, looking
9 at some of the platforms that are being used to experiment
10 with past races and gaming opportunities?

11 MR. FINE: Sure. You're talking about instant
12 racing?

13 COMMISSIONER MASS: Yes.

14 MR. FINE: Yes. So we're very familiar with the
15 different strategies that have been employed to try to bring
16 additional revenue in, Luckity, for example, at Churchill
17 Downs, instant racing.

18 Our objective in 2012, David and I, and Joe was
19 actually the co-founder of this, as well, was to try to find
20 a way within the existing legal infrastructure. And we knew
21 that instant racing required a different interpretation and
22 different approvals. And, you know, our businesses have
23 always been consistent with trying to apply current
24 regulation and current organizations, the different parties,
25 and bring them together and try to take advantage of what

1 was the existing infrastructure and the existing players.

2 So we differentiate ourselves specifically from
3 Instant Racing with the respect that our players only bet
4 into live pools ahead of time. We just didn't feel we had
5 an understanding of the legal aspects of instant racing
6 because we felt there was a change there.

7 So if you look at what our player is doing, this
8 is actually the same business Youbet was doing previously,
9 it's exactly the business that we're experienced with for
10 two decades, presenting a player an opportunity to place
11 wagers into a live pari-mutuel pool and at the end of that
12 wager, finding some way of the result of that.

13 Now in Youbet, of course, that result was watching
14 the race or seeing a tote board. This player doesn't have
15 that same interest. This player simply sees that result in
16 a different way, but they are exactly advance wagering into
17 a live pool, with the opportunity to look at the horses in
18 the program, if they so choose, change selections and have
19 some control over the outcome, the decision making. We just
20 sort of pivoted this to the player that really wants more of
21 a casual experience and maybe is a little intimidated, or
22 just wants to integrate that into something they already
23 like to do.

24 So it is, from a legal perspective, identical to,
25 actually, the traditionally Youbet model that we had.

1 COMMISSIONER MASS: So the big switch in your mind
2 is that one is a past race and your model is --

3 MR. FINE: Our model is exact -- it's a forward
4 race. It's used in selecting wagers on a race that is going
5 to happen in the future from which you have the ability to
6 make decisions about that race. That's where we distinguish
7 it.

8 COMMISSIONER MASS: I'm fascinated by this as I
9 read through all your materials last night. I actually
10 thought about downloading the app just so I could play with
11 it, but I have this fear of putting my Social Security
12 number --

13 MR. FINE: We're here afterwards.

14 COMMISSIONER MASS: -- putting my Social Security
15 number in anything these days and having my identity stolen.

16 But is there -- do you have a protocol or do you
17 have any model that -- I know it's a confidential
18 factor -- that you could observe how this operates without
19 actually downloading the app and participating?

20 MR. HASSON: Well, Commissioner Mass, we'd be more
21 than happy to set up a test account for you, so that we can
22 provide you that. I'll work through the CHRB staff to do
23 that.

24 COMMISSIONER MASS: I would love to do that.

25 MR. HASSON: Yeah.

1 COMMISSIONER MASS: That would be great.

2 MR. HASSON: Happy to do so.

3 CHAIRMAN WINNER: Maybe you could do that for all
4 of us --

5 VICE CHAIRMAN AUERBACH: Yeah.

6 CHAIRMAN WINNER: -- if that's okay.

7 MR. HASSON: Absolutely. We'd be happy to do it.

8 CHAIRMAN WINNER: Yeah.

9 MR. HASSON: We're very proud of what we've done.
10 It's been a long road. It's been very expensive and time
11 consuming, but we're now starting to see the results that we
12 were hoping from players, so we're very excited to share it.

13 CHAIRMAN WINNER: All right. We have -- John
14 Valenzuela has -- would like to speak on this item.

15 MR. VALENZUELA: Hello. John Valenzuela, PMEG
16 Local 280 President.

17 Just wanted to bring it to your attention, there's
18 a lot of new Chairman on this Board. And I really don't
19 want to go back to the history of what has happened with
20 particular companies.

21 Can you hear me?

22 VICE CHAIRMAN AUERBACH: Yes.

23 COMMISSIONER RUANO: Yes.

24 MR. VALENZUELA: Okay. Anyway, as you know, since
25 2000, since when ADW was legalized, there's a lot of

1 problems. It was made to bring jobs to California. The
2 companies that were -- the first two companies, TVG and
3 Youbet and Xpressbet, there was a lot of promises made. And
4 it never came to fruition, to create jobs in the State of
5 California. All those jobs went to Oregon, Florida,
6 Northern California, Pennsylvania, and other states outside
7 of California, so California lost revenue based on loss of
8 jobs and collecting taxes and stuff, and the increased jobs
9 that might have created licensing revenue.

10 But, well, back to what we said back on December
11 13th in 2016 when we presented to the Board, and we were
12 there to ask the ADW companies for eight full-time jobs.
13 Since that, we did meet -- we were being addressed by both
14 NYRA (indiscernible) and Game Play Network, known as b Spot,
15 were the only two ADW companies that approached Local 280
16 with any type of discussion or proposal for new jobs.

17 I brought this last proposal from Game Play
18 Network. And at this time, I did bring it to our Executive
19 Board, which basically is a pilot, part-time job program for
20 a two- to three-month period. But after presenting the
21 proposal to the Board, the Board
22 requested -- were requesting full-time jobs and/or
23 compensation from handle a percent, like all other entities
24 in the State of California are receiving from the ADW
25 companies.

1 Anyway, we're back where you said, like I said, I
2 just wanted to make it to your point that we were approached
3 by Game Play Network and NYRA to discuss some type of jobs
4 going forward, but this time they're not full-time jobs.

5 Thank you.

6 CHAIRMAN WINNER: Thank you, John.

7 Any questions for John?

8 By the way, I personally, not speaking for anyone
9 else, agree that it would be really nice if the ADWs were in
10 California and creating jobs in California. And I know that
11 was at least a part of the understanding way back when.

12 All right, on this item, my belief is that -- my
13 view is that we ought to make it consistent with the other
14 ADW, not just in terms of -- I think it's January 31st, 2019
15 is when the other ones expire, and there are certain
16 requirements with respect to breaking out California profit
17 and loss statements that should be -- that need to be
18 submitted as a part of that requirement, and I think this
19 should be consistent with that.

20 So if there's a motion to that effect --

21 VICE CHAIRMAN AUERBACH: So moved.

22 CHAIRMAN WINNER: -- I'll entertain it. Vice
23 Chair Auerbach moves --

24 COMMISSIONER MASS: Yes. Second.

25 CHAIRMAN WINNER: -- approval of the license based

1 on those changes.

2 COMMISSIONER MASS: With those changes.

3 CHAIRMAN WINNER: Seconded by Commissioner Mass.

4 Any discussion?

5 Commissioner Ruano?

6 COMMISSIONER RUANO: Yes.

7 COMMISSIONER CHOPER: Yes.

8 CHAIRMAN WINNER: Commissioner Choper?

9 Vice Chair Auerbach?

10 VICE CHAIRMAN AUERBACH: Yes.

11 CHAIRMAN WINNER: Chairman votes yes.

12 Commissioner Solis?

13 COMMISSIONER SOLIS: Yes.

14 CHAIRMAN WINNER: And Commissioner Mass?

15 COMMISSIONER MASS: Yes.

16 CHAIRMAN WINNER: Thank you, Gentlemen.

17 MR. HASSON: Thank you.

18 CHAIRMAN WINNER: All right, item number ten is

19 being removed at this time.

20 And we will go on then to item number 11, public

21 hearing and action by the Board regarding the proposed

22 amendment to CHRB Rule 1685, Equipment Requirement, to

23 change "whip" to "riding crop" and to require that riding

24 crops used during training meet the same regulatory

25 standards as riding crops during the running of a race, and

1 CHRB Rule 1688, Use of Riding Crop, to require the
2 provisions of the rule apply to training, as well as racing.
3 This concludes the 45-day public comment period. The Board
4 may adopt the proposal as presented.

5 Phil, is there any particular discussion on this?

6 MR. LAIRD: Not at all.

7 CHAIRMAN WINNER: All right.

8 MR. LAIRD: Just here to answer question, if there
9 are any.

10 CHAIRMAN WINNER: Okay. Thank you. Is there a
11 motion to approve this?

12 COMMISSIONER SOLIS: Moved.

13 CHAIRMAN WINNER: Commissioner --

14 COMMISSIONER RUANO: So moved.

15 CHAIRMAN WINNER: -- Solis moves. Commissioner
16 Ruano seconds.

17 Commissioner Ruano?

18 COMMISSIONER RUANO: Yes.

19 CHAIRMAN WINNER: Commissioner Choper?

20 COMMISSIONER CHOPER: Yes.

21 Vice Chair Auerbach?

22 VICE CHAIRMAN AUERBACH: Yes.

23 CHAIRMAN WINNER: Chairman votes yes.

24 COMMISSIONER SOLIS: Yes.

25 CHAIRMAN WINNER: Commissioner Solis votes yes.

1 COMMISSIONER MASS: Yes.

2 CHAIRMAN WINNER: Commissioner Mass votes yes.

3 This item is approved.

4 All right, moving on, discussion and action by the
5 Board regarding the reconsideration, believe it or not, of
6 the 2018 Northern California race dates due to a reported
7 change in the calendar for the Sonoma County Fair.

8 All right, so let me just refresh everybody.
9 After months and, in some ways, years of negotiations,
10 discussions, pleading, et cetera, we finally, at the last
11 meeting, approved the Northern California race dates for
12 2018. Subsequent to that we learned, and I'll assume that
13 it's still true unless I'm told otherwise, that Santa Rosa
14 will not be -- will not have their fair consistent with the
15 three weeks that were granted to them for racing.

16 As you know, we stated at the last meeting and
17 have stated fairly often recently that we want racing to be
18 -- to run at the same time that the fairs are run. So now
19 that Santa Rosa has chosen to, for whatever their reasons
20 are, and Becky's here, whatever their reasons are they are
21 not able to run their fair for the three weeks, we going to
22 reevaluate the Northern California race dates.

23 Now that opens up the discussion for any changes
24 that anyone on the Board would like to make, but
25 specifically we're looking at that one week that was removed

1 from the 2017 Cal Expo calendar and given to the 2018 Santa
2 Rosa calendar and whether we should reconsider that, given
3 the circumstances. So that's essentially where we are.

4 I have cards from Rick Pickering and Greg Avioli.

5 I don't have any from you, Becky. Are you going
6 to speak on this or not?

7 MS. BARTLING: I am.

8 CHAIRMAN WINNER: Pardon me?

9 MS. BARTLING: Yes, I am.

10 CHAIRMAN WINNER: You are?

11 MS. BARTLING: Yeah.

12 CHAIRMAN WINNER: Can you fill out a card please?

13 And Mr. Balch is going to speak on it, so good, so
14 we'll have a long discussion here.

15 All right, let's start with Rick.

16 MR. PICKERING: Mr. Chairman, Rick Pickering, CEO
17 of your California State Fair.

18 We're very much interested in hearing why Santa
19 Rosa changed their positions. Well, unless you would prefer
20 me to go first, I would respectfully suggest we hear from
21 Santa Rosa first.

22 CHAIRMAN WINNER: Fine.

23 Becky, you're on.

24 MS. BARTLING: Thank you. Becky Bartling, CEO,
25 Sonoma County, Sonoma County Fair and Wine Country Racing.

1 So first, I want to apologize for this having to
2 come back onto the agenda, and give you a little history, a
3 little backup as to why my Board made the decision that they
4 did.

5 So we had put in -- had requested that we had the
6 last week in July and the first two weeks in August, which
7 you graciously voted to give us. And the challenge that we
8 have been having -- and I know we've had lots of discussions
9 about carnivals, and I wish we didn't have to talk about
10 carnivals, but, you know, they have various contracts, long-
11 term contracts here, there and everywhere else. We have had
12 in the past, traditionally had a carnival run by Helms
13 Amusements. And last year, during all of the confusion and
14 dates and where they were going to go, they made a choice to
15 bid on Paso Robles and won that contract, which basically
16 took them out of the running for us. So the carnival that
17 we were able to get last year was Butler, and just for the
18 two weeks in August.

19 So with asking for these dates this year the
20 intention was to look at trying to put together an
21 independent carnival. And an independent carnival means
22 that you look and see what available rides there are in the
23 various carnivals that aren't being used, so that was our
24 full intention.

25 When we had our Board meeting on, I believe it was

1 November 1st, we had a potential of putting this independent
2 carnival together, and it would not be the quality of the
3 carnival that we had with Butler, which
4 is -- they're a very fine organization. Rich Byrum from
5 Butler Amusements gave a very compelling and robust
6 presentation to our Board, talking about safety, their
7 safety record, the question of an independent carnival not
8 having the same controls, the same inspections and, you
9 know, all those things that come along with a very fine
10 quality carnival.

11 So given that, at the end of the meeting the Board
12 felt very strongly that they were concerned about the
13 security, the safety of the carnival, and voted to go with
14 just a two-week fair. So that's how we ended up in that
15 situation.

16 We still do think, strongly think that the first
17 week that you did appoint to us at the last meeting would be
18 a much better week than the week that we've been running for
19 the last three years without the fair which was butting up
20 against the fair, and then last -- or, excuse me, butting up
21 against the school year, and last year completely in the
22 school year where we have a lot
23 of -- our attendees are, you know, school teachers and
24 coaches and aids and all of that.

25 So I appreciate what you did. I understand you're

1 in a very difficult situation. Myself and my Board
2 understand the decisions that you're going to make today and
3 certainly accept that and understand why, if you make a
4 change. We hope that you would leave it the same, but I
5 certainly understand.

6 CHAIRMAN WINNER: Thank you.

7 EXECUTIVE DIRECTOR BAEDEKER: Becky, just to
8 clarify what you just said, but Butler, which is, I guess,
9 the biggest company of its kind, currently does the Alameda
10 County Fair at Pleasanton, and then the State Fair, and then
11 the Santa Rosa Fair. And actually, during this week in
12 question the Cal Expo, which was given two weeks of racing,
13 nonetheless, has a three-week fair. So Butler will be still
14 operating the third week at the fair at Sacramento during
15 the first week of your race dates that was allocated. So
16 Butler, essentially, just cannot be in two places at one
17 time; is that accurate?

18 MS. BARTLING: That's correct.

19 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

20 CHAIRMAN WINNER: Okay. So, and again, as I
21 understand the decision, which is fine, it's a carnival,
22 it's a fair decision, was to go with Butler, which is what
23 created this situation; correct?

24 MS. BARTLING: Correct.

25 CHAIRMAN WINNER: Okay. Thank you, Becky.

1 Any questions for Becky? All right.

2 Now, Rick, do you still want to speak on this?

3 MR. PICKERING: Rick Pickering, CEO of your
4 California State Fair.

5 Thank you. You've indulged us many, many times,
6 and I'll sit down.

7 CHAIRMAN WINNER: All right. Greg?

8 MR. AVIOLI: Greg Avioli, TOC.

9 I think I have an idea here. We talked a lot the
10 last meeting of the economic reality of why entities want
11 these live weeks, and it's financial for the most part
12 because when you're running, when you're a live week with a
13 live racing host in the north, you get the benefit of all of
14 the ADW wagering in the north, and all of the simulcast
15 wagering in the north for that week. It's valuable. It has
16 value to it.

17 We do have -- I didn't speak earlier because there
18 really wasn't much to say, but we have got to realize we
19 still have this stabling issue. And I would propose that
20 now that this is not going to be a week that is run at the
21 same time as a fair, that the Board consider giving this
22 week, allocating this week to Golden Gate as part of a
23 broader deal that would include Golden Gate staying open for
24 the summer at the same maximum funds that can be generated
25 at the two percent rate, which we adopted this revision to

1 the statute last year. I think it would be economically in
2 the best interest of Golden Gate. And I think, although
3 they don't agree, it would be in the best interest of CARF
4 and Santa Rosa for their race meets to have a home base for
5 operation. So that's what the TOC would propose.

6 CHAIRMAN WINNER: Thank you. I'm not sure it
7 would be in the best interest of Cal Expo, but they can
8 speak for themselves.

9 Alan?

10 MR. BALCH: Alan Balch, California Thoroughbred
11 Racing [sic].

12 First of all, we would endorse what Santa Rosa
13 suggested because we believe that the -- in the first week,
14 without it being a school problem, I think demonstrably
15 Santa Rosa has historically out-handled Cal Expo, if that's
16 the choice.

17 Let's not forget the turf issue, which has been
18 discussed ad infinitum. They're the only turf course there,
19 and I think that was part of the Board's decision before,
20 not the only part but part of the Board's decision.

21 But I do also think that Mr. Avioli has raised an
22 interesting issue. And if we can expeditiously get the
23 parties together to talk about how to get over this standoff
24 that I described some time ago, I think the more moving
25 parts the better. And racing dates are very, very valuable

1 and lucrative for lots of reasons, but strictly from a
2 trainer's standpoint, racing on the turf is extremely
3 important. And there are two places up there that can have
4 it, Santa Rosa is the fair and Golden Gate, the main track.

5 And if it's linked into the stabling, who knows what we
6 could come up with.

7 Thank you.

8 EXECUTIVE DIRECTOR BAEDEKER: Am I correct in
9 assuming that what Greg propose is what I heard before, that
10 Golden Gate would be dark for six weeks following its long
11 meet, so it's dark during Pleasanton and Cal Expo, then race
12 for one week, the first week of Santa Rosa, then we dark for
13 three more weeks, is that the --

14 MR. BALCH: Well, I'm not sure of the exact.
15 That's how it sounded to me. But remember, the main thing
16 is not just the racing. The main thing is the generation,
17 financial generation, and this overall stabling issue.

18 Greg?

19 MR. AVIOLI: Yeah. Greg Avioli, TOC.

20 To clarify, my proposal was actually broader than
21 that. It was just to stay open the whole summer. But if
22 the negotiation was along the lines of what you just --

23 MR. BALCH: Stay open for racing the whole summer?

24 MR. AVIOLI: No, just to keep the backstretch
25 open; right? If we did everything --

1 CHAIRMAN WINNER: But you're giving -- but you're
2 giving him the one week --

3 MR. AVIOLI: I'm -- yeah.

4 CHAIRMAN WINNER: -- in exchange for --

5 MR. AVIOLI: Sure. Let me give it some context,
6 and I'm sure Scott or someone from the Stronach Group can
7 help me out here.

8 We did audits a couple years ago to find out what
9 the actual cost was for Stabling and Vanning. And we did it
10 at Santa Anita, we did at Golden Gate. And number came back
11 higher than people realized, so it was \$15,900 is what I
12 believe it was at Golden Gate. They had not been getting
13 that prior to that. I think they had been getting closer to
14 \$12,000. Again, someone can help me out here.

15 But what happened this year, as part of resolving
16 a debt that Stabling and Vanning had in the north, is the
17 parties agreed, including the Stronach Group, that whatever
18 could be generated from the statutory maximum of two percent
19 from wagering at off sites, that's what they would accept.
20 So in the last year, I believe, this number was calculated
21 out to around \$12,000 a day, so in theory they were giving
22 up \$5,000 a day against their audited costs as part of
23 making this deal.

24 My thought was if you take -- if you give them an
25 extra date, in addition to the other dates we already had

1 allocated to Golden Gate this year, that perhaps that week
2 would allow for a deal for the entire summer to be made on
3 Stabling and Vanning. But based on what Executive Director
4 Baedeker said, we'd be open to discussion on a deal that
5 maybe it was partial summer. But anything --

6 CHAIRMAN WINNER: Maybe anything --

7 MR. AVIOLI: It was partial. It was, as Rick --

8 CHAIRMAN WINNER: Yeah.

9 MR. AVIOLI: -- as Rick was, I believe, saying,
10 that they might be closed for a month or six weeks. But I'm
11 just -- I'm reiterating what you've heard from a lot of
12 people, everyone believes that if Golden Gate is closed for
13 an extended period of time in the summer, there will be a
14 departure of significant horses from the north.

15 So I'm just saying, maybe you use this opportunity
16 as part of the group you're putting together to see if there
17 couldn't be a deal here. These numbers are all knowable.
18 We know we can find out to the penny how much money was
19 generated for that week this year, how much would go to
20 them; right? There's a deal to be cut here.

21 CHAIRMAN WINNER: Of course, what you're asking
22 for is to kick this can down the road again in order to have
23 a meeting where maybe there's a deal that maybe could be
24 reached. Personally, I'm not inclined to keep kicking this
25 down the road. We've kicked it way, way, way, way too many

1 times.

2 EXECUTIVE DIRECTOR BAEDEKER: And --

3 CHAIRMAN WINNER: It seems to me, we have a simple
4 issue here, and the issue is that we granted a week to Santa
5 Rosa, we took it away from Cal Expo for all the reasons that
6 have been discussed 50 times, and now Santa Rosa cannot run
7 that meet at the time -- that week at the time of its
8 carnival, which was part of the requirement, part of the
9 discussion and the requirement. And to open up all kinds of
10 new issues at this point with respect to that one week, I
11 have a tough time with that, Greg.

12 MR. AVIOLI: And I'm not in the habit, as you
13 know, of disagreeing with you. I will tell you that when we
14 -- the Board made this decision last meeting, I did make the
15 point that we had addressed race dates without stabling.
16 Since that part, the stabling --

17 CHAIRMAN WINNER: Right.

18 MR. AVIOLI: -- conversations have devolved. And
19 just the last thing I will say is I believe the difference,
20 the significant difference for everyone of kicking this can
21 down the road one more time, versus leaving things as they
22 are, it's probably everyone's better served to try to do the
23 right thing than just to do what's expeditious.

24 CHAIRMAN WINNER: Well, everyone isn't better
25 served, but some are. Okay. Thank you.

1 Larry?

2 MR. SWARTZLANDER: Larry Swartzlander, Executive
3 Director of CARF. Just two things.

4 Obviously, CARF supports, you know, giving this
5 week back to Cal Expo.

6 But secondly, I guess CARF's being kicked around
7 and kicked around.

8 Let me make one statement about stabling. If I
9 have 700 stalls at Pleasanton and I've got 1,100 stalls at
10 Sacramento, why do I need Golden Gate?

11 Thank you.

12 CHAIRMAN WINNER: Okay. Jim?

13 MR. MORGAN: Jim Morgan, Special Counsel, Humboldt
14 County Fair.

15 This Board worked very hard to get the Northern
16 California race dates ironed out, particularly you, Chairman
17 Winner and you, Vice Chair Auerbach, and you did fix it.
18 You did get it right. There was a fourth week added to
19 Pleasanton. That's what they wanted. They gave up the two
20 in September. They got the fourth week. There was three
21 weeks given to Sacramento, taken back to two, but it was
22 taken back to two on the condition that Santa Rosa was going
23 to be having a fair during that third week that went from
24 Sacramento to Santa Rosa.

25 As a CARF member, we have to support Sacramento.

1 We also think it's a better environment when the State Fair
2 has its fair coincide with its race meets. Santa Rosa does
3 provide a turf course, that's correct, but that's not the
4 sole criteria. And I think we need to support the fairs by
5 going that way.

6 Santa Rosa, it's important that Santa Rosa goes to
7 two weeks, but they don't want to go further back in the
8 calendar because of their school year and other issues in
9 the community, football games start and things like that.
10 And it effects -- it's a trickle down. It effects
11 everybody, like dominos, going forward.

12 The focus on trying to link stabling to the race
13 dates is connecting apples to oranges. We've already
14 decided that the stabling issue will be negotiated with the
15 Chairman's help and another Board Member and you'll try to
16 work that out. The race dates, you finally got them right.

17 And I urge you to keep that schedule. The logical thing to
18 do is to give that third week back to Sacramento, as others
19 have suggested, and I hope that you do so.

20 CHAIRMAN WINNER: Thank you.

21 Does anyone at Santa Anita want to respond to Mr.
22 Avioli's suggestion, or Golden Gate, rather, or Stronach,
23 the Stronach Group?

24 MR. DARUTY: Scott Daruty on behalf of Golden Gate
25 Fields.

1 We just heard CARF say that they don't think they
2 need Golden Gate to be open next summer. If others feel
3 differently, and if ultimately we're asked to be open next
4 summer, we're happy to do so. We just want to be reimbursed
5 for our costs. There are a couple of different ways we
6 could be reimbursed. We could be reimbursed by a payment of
7 cash, which is the historic way of doing it. We could also
8 be reimbursed by receiving additional race days that we
9 wouldn't otherwise receive. That's Mr. Avioli's suggestion.

10 The bottom line is we're flexible. We're here to
11 help the industry and be good team players. And we'll be
12 open as long as we're not paying the cost of being open.

13 Thank you.

14 CHAIRMAN WINNER: Thank you. All right. Any
15 discussion? Is there a motion? Is there a motion?

16 COMMISSIONER MASS: I'm happy to make a motion to
17 reverse the week back to Cal Expo.

18 CHAIRMAN WINNER: All right. Commissioner Mass
19 moves to take the Santa Rosa week, which is the week,
20 exactly, Rick?

21 EXECUTIVE DIRECTOR BAEDEKER: It is July 25th for
22 a week. I'm not sure. It's goes into August, so I'll have
23 to look at it here.

24 CHAIRMAN WINNER: Okay. So the week --

25 EXECUTIVE DIRECTOR BAEDEKER: But it's the

1 week --

2 CHAIRMAN WINNER: -- of July 25th --

3 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

4 CHAIRMAN WINNER: -- that was granted to Santa
5 Rosa during the last Board meeting now go instead to Cal
6 Expo for that week, which would give Cal Expo three weeks
7 and Santa Rosa would have two.

8 COMMISSIONER CHOPER: Second.

9 CHAIRMAN WINNER: That motion is seconded by
10 Commissioner Choper. Is there discussion?

11 Commissioner Mass?

12 COMMISSIONER MASS: Yes.

13 CHAIRMAN WINNER: Commissioner Solis?

14 COMMISSIONER SOLIS: Yes.

15 CHAIRMAN WINNER: Chairman votes yes.

16 Vice Chair Auerbach?

17 VICE CHAIRMAN AUERBACH: Yes.

18 CHAIRMAN WINNER: Commissioner Choper?

19 COMMISSIONER CHOPER: Yes.

20 CHAIRMAN WINNER: Commissioner Ruano?

21 COMMISSIONER RUANO: Yes.

22 CHAIRMAN WINNER: It passes unanimously.

23 I think that's the last item on the agenda. Okay.

24 Vice Chair Auerbach wants to make a statement.

25 VICE CHAIRMAN AUERBACH: I just wanted to address

1 the concerns that some people had of a situation that I was
2 just made aware of, and it involves the delay in calling a
3 dead heat at a race here at Del Mar. I did some
4 investigation today and have found out, which is good news
5 for all of us, that the reason for the delay was a broken
6 piece of equipment, et cetera, et cetera. But the real
7 reason is that the equipment that the stewards view of the
8 finish line was not on an HD monitor.

9 That particular situation is being addressed.
10 There is wiring being done. I do not know if the HD monitor
11 will be available to the stewards at Del Mar, but I know
12 that by the time that the equipment is moved to Santa Anita,
13 that entire issue is to be addressed, so that the stewards
14 view will be the same as the initial view posted and we will
15 not have these delays in the future.

16 So those of you who are betting our races and
17 concerned about this can rest assured that it's in the works
18 to be fixed and it will be fixed shortly, and thank you for
19 your patience.

20 CHAIRMAN WINNER: Thank you.

21 There is an Executive Committee meeting --

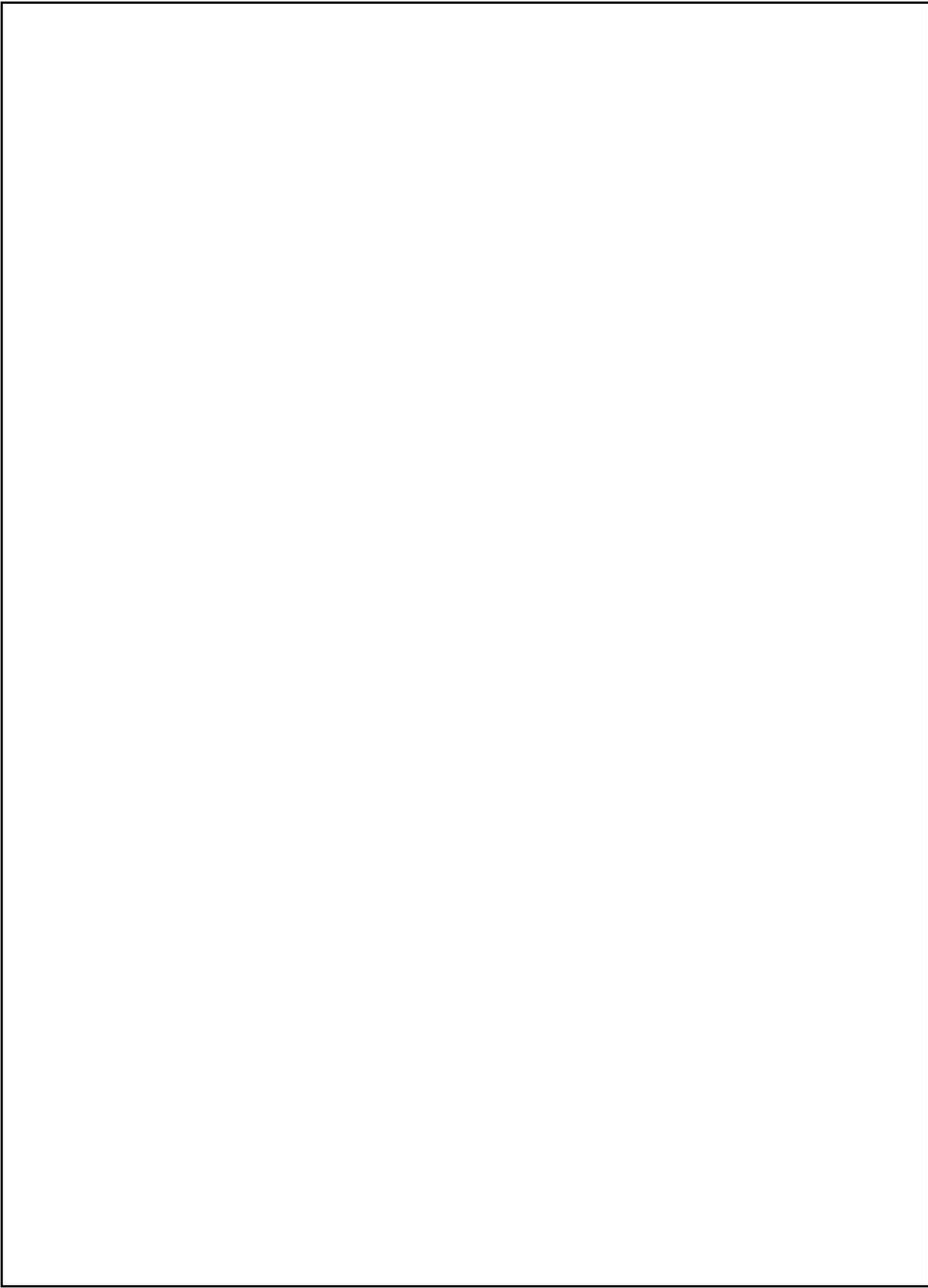
22 EXECUTIVE DIRECTOR BAEDEKER: Yes.

23 CHAIRMAN WINNER: -- for Board Members. Thank you
24 all for attending.

25 This meeting is adjourned.

1 (The regular meeting of the California Horse Racing Board
2 adjourned at 11:50 a.m.)
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1 CERTIFICATE OF REPORTER

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3 I, MARTHA ANELSON, CERT-367, an Electronic
4 Reporter, do hereby certify that I am a disinterested person
5 herein; that I recorded the foregoing California Horse
6 Racing Board Regular Meeting; that it was thereafter
7 transcribed to the best of my ability, given the acoustics
8 and sound quality at the meeting.

9 I further certify that I am not of counsel or
10 attorney for any of the parties to said conference, or in
11 any way interested in the outcome of said conference.

12 IN WITNESS WHEREOF, I have hereunto set my hand
13 this 20th day of November 2017.

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15 _____
16 MARTHA NELSON, CER 367
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