

MEETING
STATE OF CALIFORNIA
HORSE RACING BOARD

In the Matter of:)
)
Regular Meeting)
_____)

SANTA ANITA PARK RACE TRACK
BALDWIN TERRACE ROOM
285 WEST HUNTINGTON DRIVE
ARCADIA, CALIFORNIA

THURSDAY, JANUARY 25, 2018

9:30 A.M.

Reported by:
Martha Nelson

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
Mike Marten, Associate Analyst
Jeff Salmon
Rick Arthur, Equine Medical Director

ALSO PRESENT

George Krikorian, Former First Vice Chairman
Eric Sindler, Santa Anita Park Race Track
Cliff Goodrich, California Thoroughbred Horsemen's
Association
Alan Balch, California Thoroughbred Trainers
Rick Hammerle, Santa Anita Park Race Track
Richard Scheidt, California Authority of Racing Fairs
Shane Gusman, Jockeys' Guild

APPEARANCES

ALSO PRESENT

Elizabeth Morey, Thoroughbred Owners of California on
behalf of the California Marketing Committee and
NCOTWINC

George Haines, Southern California Off Track Wagering

Pete Genovese, Sammy's Operating Company, LLC

Michael Merrigan, OC Tavern, Former Owner

Chris Dalgaard, OC Tavern, New Owner

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litigation described in the attachment to
this agenda captioned "Pending Litigation,"
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section 11126(e).

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

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

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P R O C E E D I N G S

9:39 A.M.

ARCADIA, CALIFORNIA, THURSDAY, JANUARY 25, 2018

CHAIRMAN WINNER: Good morning. Ladies and Gentlemen, please be seated. 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, January 25th, 2018 at Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California.

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

Before we go on to the business of the 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 concerns horse racing in California.

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

1 time limit rule will be enforced during discussion of all
2 matters as stated on the agenda, as well as during the
3 public comment period.

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

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

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

24 Now before we get on with the agenda, we have a
25 special presentation today. Our Former First Vice Chairman

1 George Krikorian is here with us today. And for those of
2 you who know George and have worked with George, I know that
3 you share our view that he is a true friend of racing. He's
4 not only a true friend of racing, he's a true friend,
5 period. Those of us that had the opportunity to work with
6 him on the Board know how hard he worked, how much he helped
7 all of us and helped racing during the time that he was on
8 the Board. But more importantly, we recognize what a truly
9 wonderful human being he is and how much he meant to all of
10 us as a friend and will continue to mean to all of us as a
11 really good friend.

12 So we have a resolution.

13 Mike, where's the resolution?

14 And what I'd like to do is read it, and then
15 present it to George. And if anybody else would like to say
16 anything after I read it, you are certainly welcome to do
17 so.

18 "California Horse Racing Board Resolution for George
19 Krikorian.

20 "The California Horse Racing Board, the horse racing
21 industry and the citizens of California all express
22 their appreciation to George Krikorian for serving on
23 the Board for four years from May 2013 to July 2017,
24 the final six months as First Vice Chairman.

25 "While serving as a Racing Commissioner, and previously

1 as a Director of the Thoroughbred Owners of California,
2 George Krikorian demonstrated a strong business sense
3 while always putting horse and rider safety as his
4 number one priority. His research and preparation
5 helped him gain a clear understanding of complex
6 matters. He asked penetrating questions that focused
7 attention on the central, most important elements of
8 the issues under discussion.

9 "As Chairman of the Parimutuel ADW and Simulcast
10 Committee, George Krikorian advocated expansion of
11 California's minisatellite network and insisted that
12 all wagering outlets should be judged on their
13 performance and contributions to the financial health
14 of the state's horse racing industry.

15 "George Krikorian did his best to balance fairness with
16 common sense using unrelenting logic in an effort to
17 bring about the best possible outcome in matters that
18 came before the Board. The Board recognizes that
19 George Krikorian, by his conduct and contributions, has
20 helped improve the horse racing industry while serving
21 the best interests of the State of California.

22 "Adopted unanimously."

23 I guess we should have a vote. Who would move?

24 COMMISSIONER RUANO: So moved.

25 CHAIRMAN WINNER: So moved. Okay. So

1 Commissioner Ruano moves.

2 COMMISSIONER MASS: Second.

3 CHAIRMAN WINNER: Commissioner Mass seconds.

4 How do you vote, Commissioner Mass?

5 COMMISSIONER MASS: Aye.

6 CHAIRMAN WINNER: Commissioner Solis?

7 COMMISSIONER SOLIS: Yes.

8 CHAIRMAN WINNER: The Chairman votes yes.

9 Vice Chair?

10 VICE CHAIRMAN AUERBACH: Yes.

11 CHAIRMAN WINNER: Commissioner Choper?

12 COMMISSIONER CHOPER: Yes.

13 CHAIRMAN WINNER: Commissioner Ruano?

14 COMMISSIONER RUANO: With an enthusiastic yes.

15 CHAIRMAN WINNER: "Adopted unanimously by the
16 California Horse Racing Board on January 25th, 2018."

17 COMMISSIONER RUANO: Yay.

18 CHAIRMAN WINNER: George?

19 (Whereupon photographs are taken with Former First Vice
20 Chairman Krikorian and all Board Members.)

21 CHAIRMAN WINNER: All right, is there a motion to
22 adjourn?

23 VICE CHAIRMAN AUERBACH: That was funny.

24 CHAIRMAN WINNER: All right, let's move on with
25 approval of the minutes from the December 14th meeting. Any

1 corrections or additions to the minutes? Is there a motion
2 to approve.

3 COMMISSIONER MASS: Move.

4 CHAIRMAN WINNER: Commissioner Mass moves.

5 COMMISSIONER CHOPER: Second.

6 CHAIRMAN WINNER: Commissioner Choper seconds.

7 Commissioner Mass?

8 COMMISSIONER MASS: Yes.

9 CHAIRMAN WINNER: Commissioner Solis?

10 COMMISSIONER SOLIS: Yes.

11 CHAIRMAN WINNER: The Chairman votes yes.

12 Vice Chair?

13 VICE CHAIRMAN AUERBACH: Yes.

14 CHAIRMAN WINNER: Commissioner Ruano?

15 COMMISSIONER RUANO: Yes.

16 CHAIRMAN WINNER: It passes unanimously.

17 The Executive Director's Report.

18 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.

19 Chairman. Just a couple of things.

20 First of all, I want to let you know that we
21 posted a job offering for our staff counsel position that
22 was vacated when Phil Laird went to the dark side. And I'm
23 happy to report that we've had 46 applications for that
24 position. And staff has been reviewing them and we have a
25 number of really terrific candidates that we're eager to

1 interview and get somebody back on board here as quickly as
2 we can.

3 The only other thing I have, I thought I'd spend a
4 little bit of time on the end-of-year financials.

5 First of all, for December, and, of course,
6 December was a difficult month as we all know because of the
7 fire and everything associated with it, as a result there
8 was one less day of racing during the day, an additional
9 night of racing, however, everything in for the month, day
10 racing was down 7.3 percent, night racing was up 3.9
11 percent. For the month all in, down just a tick under six
12 percent.

13 And it's too bad that we couldn't have done better
14 in December because it would have flipped us onto the right
15 side of the ledger for the year. But we ended up basically
16 almost dead even. Day racing with -- let me see here, that
17 can't be right. My report says 20 fewer days of racing and
18 that can't be right, so skip that part. Let's just go to
19 the results.

20 Day racing handle was just down a tenth of a
21 percent. Night racing was up six-tenths of a percent -- I'm
22 sorry, down six-tenths of a percent. And all in, down 0.5
23 of a percent, so we caught up. We were well behind, as you
24 recall, by the time we hit the end of spring. And as I
25 think we'd all agree, it was an extraordinary year for a lot

1 of reasons.

2 First of all, we had the heavy rains that we dealt
3 with north and south in the winter. And then we had the
4 rather spectacular Breeders' Cup at Del Mar, followed by the
5 Lilac Fire, arguably one of the greatest tragedies in the
6 history of American racing. And as heartbreaking as that
7 was, we had the heartwarming outpouring of support from
8 people that love horses and appreciate the people that take
9 care of them. And that generosity was shown through,
10 obviously, things like donations. But also, if you were
11 lucky enough to see it down at Del Mar the day after that
12 terrible fire, the hundreds and hundreds of people that
13 showed up and just said, "What can I do to help?" And we're
14 going to hear more about that a little bit later in the
15 agenda.

16 For the year, looking at some of these numbers, I
17 think it's interesting to note that, it was mentioned in the
18 tribute to George, his support for the minisatellites. And
19 even though total wagering at minisatellites for the year
20 was down 3.2 percent, total wagering at minisatellites was
21 up 11 percent over last year. Even if you adjust that to be
22 fair, one of the minis opened midway through last year, so
23 it's not a very fair comparison. If you take that one out
24 of the mix, all the minisatellite business was up five
25 percent.

1 So the minisatellites are a success story. And I
2 think we all agree that we're in need of more success
3 stories. So it's nice to know that we do have something.

4 We have 12 of them now. We're permitted by law to have
5 45, so that certainly is an area of growth going forward.

6 Total on-track business for the year was down 2.8
7 percent. Total brick and mortar, if you included the tracks
8 and the satellites, was down three percent. ADW in
9 California, which has become such a big part of the
10 business, was up 4.4 percent. ADW continues to grow year
11 after year.

12 So the total bet by California customers was just
13 down two ticks, almost even with last year. Out of state,
14 we had a little bit of a drop, a little less than one
15 percent out of state, California's betting on out-of-state
16 product.

17 So we rallied and finished well and hopefully
18 we'll keep the momentum going for this year.

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

20 CHAIRMAN WINNER: Thank you very much.

21 Moving on then to item number three, which is
22 public comment. I don't have any cards.

23 Does anybody wish to speak on any issue involving
24 racing in California that's not on the agenda? Good.

25 Moving on to item number four then, discussion and

1 action by the Board regarding the distribution of race-day
2 charity proceeds of the Los Angeles Turf Club II, Inc. dba
3 Santa Anita Park, from its 2017 September 29th through
4 October 29th autumn race meeting in the annual amount -- I'm
5 sorry, in the amount of \$27,397 to ten beneficiaries.

6 Eric?

7 MR. SINDLER: Good morning. Eric Sindler on
8 behalf of Santa Anita.

9 As the Chairman said, we're requesting to
10 distribute our money to the charities, all of which are
11 horse racing related.

12 CHAIRMAN WINNER: I think we have to accept this;
13 right?

14 VICE CHAIRMAN AUERBACH: Yes.

15 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

16 CHAIRMAN WINNER: Okay.

17 EXECUTIVE DIRECTOR BAEDEKER: You have to vote on
18 it.

19 CHAIRMAN WINNER: Is there a motion? Thank you.
20 Vice Chair Auerbach --

21 VICE CHAIRMAN AUERBACH: I recuse.

22 CHAIRMAN WINNER: -- moves.

23 VICE CHAIRMAN AUERBACH: I recuse.

24 CHAIRMAN WINNER: You recuse?

25 VICE CHAIRMAN AUERBACH: I have to.

1 CHAIRMAN WINNER: Vice Chair Auerbach recuses.
2 Commissioner Ruano, you move?
3 COMMISSIONER RUANO: I'll move.
4 COMMISSIONER MASS: Second.
5 CHAIRMAN WINNER: And Commissioner Mass seconds.
6 Commissioner Mass?
7 COMMISSIONER MASS: Yes.
8 CHAIRMAN WINNER: Commissioner Solis?
9 COMMISSIONER SOLIS: Yes.
10 CHAIRMAN WINNER: The Chairman votes yes.
11 Vice Chair recuses.
12 COMMISSIONER RUANO: Yes.
13 CHAIRMAN WINNER: Commissioner Ruano votes yes.
14 Commissioner Solis --I mean, Commissioner Choper,
15 are you here?
16 COMMISSIONER MASS: He's getting coffee.
17 CHAIRMAN WINNER: Pardon me?
18 VICE CHAIRMAN AUERBACH: He's getting coffee.
19 CHAIRMAN WINNER: Okay. Well, we'll -- it passes
20 unanimously by a vote of four to nothing.
21 MR. SINDLER: Thank you.
22 CHAIRMAN WINNER: Go onto item number five,
23 discussion by the Board regarding a status report from the
24 working committee responsible for the distribution of
25 charitable funds to the victims of the Lilac Fire and San

1 Luis Rey Downs.

2 I don't have a card. You want to fill out a card?

3 EXECUTIVE DIRECTOR BAEDEKER: No, I don't think,
4 if they're --

5 MR. GOODRICH: I thought if it's on the agenda,
6 you didn't need a card.

7 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

8 CHAIRMAN WINNER: Okay, you're right.

9 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

10 CHAIRMAN WINNER: You're on.

11 EXECUTIVE DIRECTOR BAEDEKER: Not if you raise
12 your voice, Mr. Goodrich.

13 MR. GOODRICH: No. None of that planned.

14 CHAIRMAN WINNER: Here is the committee who's
15 done --

16 MR. GOODRICH: I'm up here with some help though.

17 CHAIRMAN WINNER: -- the terrific job of
18 distributing the funds.

19 And by the way, for those of you who were not able
20 to attend the concert with Burt Bacharach and Elvis Costello
21 down in Del Mar, it was really special. And I think they
22 raised a substantial amount of money, including through the
23 auction, as well as the show. The show was -- it was really
24 special. And we thank them for what they did.

25 Cliff?

1 MR. GOODRICH: Thank you. Commissioners, Mr.
2 Chairman, my name is Cliff Goodrich. I'm the Executive
3 Director of the California Thoroughbred Horsemen's
4 Foundation, better known as CTHF. And with the Board's
5 indulgence, I would like to attempt to summarize the actions
6 of the CTHF and two key committees in providing relief to
7 the victims, both humans and horses, from the tragic San
8 Luis Rey Training Center fire. It is hoped that my prepared
9 remarks will answer potential questions from both
10 Commissioners and those in the audience.

11 At my side today are Rick Hammerle from Santa
12 Anita, David Jerkens from Del Mar, Alan Balch from the CTT.
13 They were three of the five members, the five key members of
14 the GoFundMe Committee that made recommendations that I will
15 refer to in a minute. Commissioner Auerbach was also in
16 that meeting. And Nate Newby from Santa Anita, who was my
17 primary contact, is in Florida today and couldn't be here.
18 Alan also helped form the CTT Advisory Committee, which I
19 will refer to, that was important to -- in the process. So
20 they're here, if I trip, to jump in at any time and
21 intervene, as Commissioners might, but they played a key
22 role in the distributions we made.

23 A little bit about the timeline. The fires,
24 everyone knows, occurred on the 7th of December. The very
25 next morning at Del Mar, led by Santa Anita, the Stronach

1 Group and Del Mar, a GoFundMe campaign was formed and
2 immediately began a fund-raising effort to help victims of
3 the fire. Despite public reports, I was never a member of
4 the committee, and the CTHF was not represented, and
5 properly so.

6 In less than a week, unbelievably, some \$500,000-
7 plus was raised thanks to thousands of individual and
8 corporate donors. Eventually the GoFundMe fund ended up
9 with just over \$630,000.

10 Late in that first week the GoFundMe Committee
11 became aware that not only might they be conflicted in their
12 decision making, but that they also lacked an easy mechanism
13 to distribute the donated funds. That quickly led to the
14 CTHF, largely because of our 501(c)(3) nonprofit status,
15 becoming the recipient of those funds, and at this point
16 legally the owner and decision maker for all distributions.

17 Simultaneously, Jack Liebau and Alan Balch were
18 encouraging others outside the California industry, seeking
19 guidance for where to send their donations, to utilize CTHF
20 and its nonprofit status, along with the fact that the CTHF
21 is chartered to financially assist backstretch workers,
22 including trainers.

23 These referrals eventually led to several hundred
24 thousands of dollars eventually being donated directly to
25 the CTHF, mostly through our website using our donations

1 page. Ironically, throughout this process the CTHF never
2 had to solicit funds for the victim's relief. Virtually
3 every donation came by word of mouth.

4 In a little over a week's time, our foundation had
5 gone from a relatively small nonprofit serving a restricted
6 backstretch population on an individual basis to a major
7 distributing agent for hundreds of fire relief victims. But
8 decisions needed to be made.

9 At this point in time, with over \$600,000 donated
10 between the two funds and victims needing immediate
11 financial relief, the CTHF clearly lacked the capacity, I
12 have myself and two assistants, to act with knowledge or
13 expediency in any determination of fair and proper
14 distributions.

15 So what did we do? We went back and asked the
16 larger GoFundMe Committee to form a smaller Advisory
17 Committee for the purpose of providing, as soon as feasible,
18 a list of recommendations so that initial distributions
19 could commence. This request resulted within a few days in
20 a list of nine recommendations closely tied to the specific
21 instructions of donors, be it to assist workers, trainers,
22 horses or hospital victims. At various points in time the
23 CTHF concurred with the suggested distributions.

24 And on December 15th, only eight days after the
25 fire, with a big assist from Del Mar in converting \$115,000

1 check into over 5,000 20-dollar bills, \$500 in cash was
2 issued to every groom and hot walker displaced by the fire.
3 In addition, every trainer whose barns and related supplies
4 and equipment had been destroyed by the fire received \$600
5 for each stabled at San Luis Rey on the day of the fire via
6 a check. These blanket and expedient charitable donations
7 were meant to quickly put money in the hands of workers and
8 trainers who were clearly going through a tumultuous time
9 physically, mentally and financially.

10 The above distributions were followed on December
11 21st, two weeks after the fire, by a second distribution,
12 this time to trainers in the barns not destroyed but who
13 were displaced at the rate of \$250 a horse. In addition, on
14 this same day the affected workers again received another
15 \$500 cash charitable donation, again with the assistance of
16 Del Mar converting a large check from us to cash.

17 A third distribution was also made on the 21st in
18 the form of a CTHF grant to CARMA for \$100,000 as
19 approximately 100 horses were temporarily housed at Trifecta
20 Farms directly across the road from San Luis Rey. Some of
21 these horses, and perhaps others, would eventually have to
22 find temporary or permanent homes and CARMA was the logical
23 vehicle for such placement.

24 Simultaneously, while the above distributions were
25 being made, the CTHF was in touch with the three hospital

1 victims and/or their families to ensure, if at all possible,
2 that no burned or injured victim or family member would have
3 to go out-of-pocket, whether it be for hospital bills,
4 family housing, transportation or food costs.

5 By the time the holidays were upon us, due to the
6 diligence of the GoFundMe Advisory Committee, over \$550,000
7 had been distributed to victims within a two-week period
8 after the fire, or 90 percent of the GoFundMe monies raised.

9 The holidays provided a breather for all of us,
10 but soon after we realized, first, that the workers had been
11 well taken care of, that the horses had a vehicle through
12 CARMA to find temporary or permanent homes. The hospital
13 victims were going to be covered to the best of our
14 financial ability. And we believe the victims and families
15 felt more comfortable, financially speaking, but it was
16 clear that the trainers needed more financial assistance,
17 not only for themselves, but to be able to keep their
18 workers employed. Many had lost all of their tack,
19 equipment, supplies and personal belongings.

20 Like the first set of distributions the CTHF was
21 not in a position to determine various levels of hurt.
22 Therefore, we asked Alan Balch of the CTT to form a CTT
23 Advisory Committee to provide us with recommendations on who
24 and how much to distribute to trainers in need. In a matter
25 of days the Committee came back to us with their

1 recommendations, which we concurred with. On January 10th,
2 checks were issued to 19 trainers, whose barns were
3 destroyed in the fire, in the cumulative amount of \$255,550
4 in varying degrees, recognizing both small and large
5 stables.

6 Everything I've discussed thus far represents the
7 vast majority of the distributions made between December
8 15th and January 10th. No further distributions have been
9 made since then. However, while dwindling in numbers,
10 donations are still coming into the CTHF as we speak, along
11 with individual and corporate donations.

12 Burt Bacharach, with a big assist from his wife
13 Jane, put on a benefit concert in Solano Beach which will
14 probably generate over \$100,000 for fire relief victims to
15 be divided between CTHF and CARMA 50-50.

16 In addition, Barretts, at its January sale at
17 Fairplex, offered ten percent of its sale's commissions,
18 along with the proceeds from both silent and live auctions,
19 to go to the CTHF.

20 While we don't have any firm totals from these two
21 fund raisers, there's no question that we will be left with
22 a reserve that will hopefully be enough to take care of
23 inevitable issues, including hospital bills, family support,
24 long-term care, therapy, et cetera. Both the GoFundMe and
25 CTT Advisory Committees feel it prudent, as we do, to let

1 some time pass before any further distributions take place.

2 In summary, throughout this process we've kept the
3 Board's Executive Director informed. Even though these are
4 all non-statutory funds, the Board's oversight, objectivity,
5 lack of bias and support was comforting to our foundation
6 and everyone involved. As of the last distribution on
7 January 10th, we have disbursed 90 percent of the donations
8 received from both the GoFundMe and CTHF buckets.

9 Of the \$818,000, and I'm going to use rounded
10 numbers, distributed from a pool of \$906,000 through the
11 10th, \$238,000, or a little over 29 percent, was distributed
12 to workers, \$453,000, or a little over 55 percent, to
13 trainers, \$100,000, or a little over 12 percent, to CARMA in
14 the form of a grant -- that agreement will hopefully be
15 executed shortly -- \$15,000, or a little over one percent,
16 has been disbursed to hospital victims or families to cover
17 their out-of-pocket expenses relating to the fire while
18 awaiting initial hospital billings, and nearly \$12,000 has
19 been distributed for a holiday party at Del Mar for the
20 workers, along with chips for food and beverage in Del Mar's
21 stable cafeteria.

22 In conclusion, with nearly \$6,000 -- 6,000
23 individuals and corporate donors, a clear tragedy was met
24 with an historic response by an industry that will hopefully
25 take note from this valuable lesson; when well-intended

1 people work for the common good, good things happen.

2 Credits go first to the heroes who helped herd
3 horses away from the fire, putting their own lives at stake.
4 Also, the GoFundMe and CTT Committees, Los Alamitos, the Los
5 Alamitos Quarter Horse Benevolent Fund, Del Mar, the 22nd
6 Agricultural District, Teresa and Kevin at San Luis Rey,
7 Trifecta Farms, and all of the vendors and individuals who
8 donated feed, equipment, clothing, blankets and supplies to
9 the displaced horsemen to the point where Del Mar had to
10 hoist the white flag. The response was overwhelming.

11 If I may be allowed a bit of an editorial, all of
12 us in this room and those listening are stewards of this
13 great sport for as long as we have ties to this industry. I
14 don't believe there's one person in the industry or in the
15 audience proclaiming, things are great, let's just leave
16 things as they are.

17 There is clearly smoke in the air about the
18 present and future paths of thoroughbred racing. Usually
19 where there's smoke, there's fire. Let's hope that the
20 response to this tragic event will guide all of our actions
21 going forward and will lead all of us to work together like
22 never before to attack the issues that plague this industry
23 and to highlight what makes this sport of kings great.

24 On behalf of the CTHF Board, its employees and
25 professional staff, thank you for all the trust all of you

1 have placed in our foundation. It was a pleasure and an
2 honor to be part of this great response to this historic
3 tragedy. Thank you.

4 David, Rick or Alan may wish to add to my
5 comments. And certainly, we'll do our best to answer any
6 questions.

7 CHAIRMAN WINNER: Any of you want to speak beyond
8 that? Alan?

9 MR. BALCH: Alan Balch, California Thoroughbred
10 Trainers. Just a couple of points to emphasize.

11 First of all, there were some major anonymous
12 donations, one in particular by an owner who didn't want his
13 name used, which resulted in an immediate cash payment to
14 workers in the destroyed barns. That was accomplished,
15 really, what, a day or two -- the day before, maybe, the
16 first CTHF distribution. And because it was anonymous,
17 obviously I'm not going to mention the name. But I think
18 that should be noted that people did step forward with cash,
19 as well as, Cliff mentioned, just an unbelievable outpouring
20 of materials, volunteer labor and everything else. I think
21 Mr. Baedeker referred to when we got there before dawn on
22 the 8th, it was like heart wrenching to see so many people
23 that just showed up.

24 I know that there's some concern about the equity,
25 so to speak, of having trainers receive X percent, workers

1 receive Y percent. This is something that, in working with
2 both the GoFundMe Committee and the CTHF, we really have
3 labored very long and hard to bridge this gap between
4 trainers, workers, big trainers, small trainers, big
5 outfits, small outfits, medium outfits. There's no one
6 solution that would be perfect, but I think we've done --
7 certainly everyone involved has acted in the best of good
8 faith to try to do the best thing we can.

9 When I have received some criticism for the amount
10 of funding that has gone to trainers, I'm constantly
11 reminding people that the trainers are the employers. So
12 having trainers succeed and continue in business is
13 critically important to employment because they do employee
14 the backstretch worker.

15 There is a group of people that I think we do have
16 to attend to in the near future, independent contractors who
17 are not directly employed by trainers. For example, a
18 number of exercise riders and so forth who sort of fall
19 outside these areas, we may have to do some individual
20 addressing of that. I will be in further touch with each of
21 the trainers at San Luis Rey individually to just make sure
22 that we have attended to everybody as best we can.

23 And a final word is that, of course, backstretch
24 employees are covered by Workers' Compensation by law. And
25 the Post Time Self-Insurance Group was immediately available

1 to talk to trainers and employees at Del Mar on all manners
2 of things, right after the 7th and continuing in that first
3 week. And we need to value that very important Workers'
4 Compensation program because this is, in the best of
5 circumstances, this is a dangerous sport. And this
6 particular case, of course, it was particularly dangerous.

7 We also should mention that the Race Track
8 Chaplaincy of America, the Red Cross, Deacon Arnie of Holy
9 Angels were right at Del Mar within hours and days of the
10 tragedy to help with counseling and so forth. And that type
11 of assistance, it's just you can't put a value on that. And
12 so, too, were many, many, many volunteers who -- Del Mar,
13 people don't realize that Del Mar does have a year-round
14 responsibility. And the staff of Del Mar rose to the
15 occasion immediately, for which we're eternally grateful.

16 So thank you for the opportunity for some added
17 remarks.

18 VICE CHAIRMAN AUERBACH: I want to ask Alan a
19 question.

20 CHAIRMAN WINNER: Go ahead, please.

21 VICE CHAIRMAN AUERBACH: Alan, I want to ask you a
22 question. You mentioned exercise riders specifically. In
23 our two -- and I just wanted to correct the record in one
24 regard. I think you only talked about one distribution.
25 There were two, actually, that occurred, I think within six

1 days of each other. And I think you only mentioned the
2 first one.

3 COMMISSIONER RUANO: For backstretch workers?

4 MR. GOODRICH: Oh, I thought I mentioned two.

5 VICE CHAIRMAN AUERBACH: Yes.

6 MR. GOODRICH: The 15th and the 21st.

7 CHAIRMAN WINNER: Yeah, I think he did. Yeah.

8 COMMISSIONER RUANO: There was two \$500?

9 VICE CHAIRMAN AUERBACH: There were two.

10 MR. GOODRICH: Two at \$500, yes.

11 VICE CHAIRMAN AUERBACH: There were two.

12 COMMISSIONER RUANO: I only understood one.

13 VICE CHAIRMAN AUERBACH: Yeah. You only said one.

14 There were two --

15 MR. GOODRICH: Oh. Okay.

16 COMMISSIONER RUANO: Okay. Good.

17 VICE CHAIRMAN AUERBACH: -- at \$500. They each
18 got \$1,000.

19 COMMISSIONER RUANO: Good.

20 MR. GOODRICH: Right.

21 COMMISSIONER RUANO: Okay.

22 VICE CHAIRMAN AUERBACH: And -- but it wasn't just
23 the backstretch workers. We also included the exercise
24 riders, and we included the assistant trainers. And, in
25 fact, for anybody who's really interested or concerned about

1 the distribution, we have signatures of everybody who got
2 the distributions. So we know for a fact that they all got
3 it.

4 And I was concerned about -- I mean, I'm not
5 suggesting --

6 MR. BALCH: Well --

7 VICE CHAIRMAN AUERBACH: -- other than I'm looking
8 for clarity on what the additional concern was?

9 MR. BALCH: Well, I'm not suggesting that we
10 didn't intend to cover everybody. We certainly did. But
11 I've been hearing of some people who may not have made the
12 list for whatever reason, so that's --

13 VICE CHAIRMAN AUERBACH: Because we had --

14 MR. BALCH: -- going to have --

15 VICE CHAIRMAN AUERBACH: We had people show
16 up --

17 MR. BALCH: Sure.

18 VICE CHAIRMAN AUERBACH: -- those mornings
19 who --

20 MR. BALCH: And --

21 VICE CHAIRMAN AUERBACH: We had one or two people
22 who showed up, and everybody had to be identified by
23 somebody else because we didn't --

24 MR. BALCH: Right. Sure.

25 VICE CHAIRMAN AUERBACH: -- know these people.

1 And there were one or two people who showed up who said,
2 well, I was here. And the people that they said that they
3 worked for or with could not identify them. And we were
4 very easy with making sure everybody got paid, but we
5 weren't careless. I'm trying to draw a distinction.

6 MR. BALCH: Exactly. And I'm not --

7 VICE CHAIRMAN AUERBACH: So, I mean, if there were
8 people that didn't get paid it's because they didn't show
9 up, would be my guess.

10 MR. BALCH: Correct. And that's -- I just want to
11 make sure that, as we all do, that no stone is left unturned
12 to make sure that if we did miss somebody, we're going to
13 find them.

14 VICE CHAIRMAN AUERBACH: Yeah. Okay. Thank you.

15 CHAIRMAN WINNER: All right. Rick?

16 MR. HAMMERLE: I've got one other group that I
17 wanted to mention that also received some of the money.

18 The 13 workers that worked at San Luis Rey that
19 were onsite that afternoon and evening that did whatever
20 they had to do to step up and help save, you know, life and
21 limb also received \$1,000 each.

22 MR. GOODRICH: Right.

23 MR. HAMMERLE: I didn't want to leave them off the
24 list.

25 And I just had a personal comment here. You know,

1 I've done a lot of things in my life, met a lot of
2 challenges, but I'll tell you what, giving away money to
3 people was one of the toughest things I've ever had to do.
4 And being a part of these people sitting up here and some of
5 you up there made it a lot easier because there was no I'm
6 in charge, you're in charge, he's in charge. Everybody
7 worked very well together. But to sit down at a table and
8 actually decide who's going to get what and when and where
9 and how is not as easy as it sounds. And luckily we had
10 Cliff here to lean on with his leadership and the CTHF and
11 some other experienced people on there.

12 But it's a miracle that we got not only as much
13 money as we raised by all the kind people out there, but to
14 get this done in such an expedient manner and get money in
15 people's hands, actually cash in people's hands that needed
16 it now, is pretty heartwarming to see and great to be a part
17 of, so I just wanted to put that in.

18 MR. GOODRICH: You know, the Chairman's expertise
19 is crisis management, I believe. This group, that is not
20 our expertise, but I think they did an amazing job. You
21 know, we're hearing, well, there's the money and what's
22 happening. And within two weeks, 90 percent of everything
23 raised was distributed. That's pretty awesome.

24 CHAIRMAN WINNER: Yeah.

25 MR. GOODRICH: So I think everybody did a good

1 job.

2 CHAIRMAN WINNER: Well, from our standpoint, we
3 just want to thank CTHF, the Board, the Committee, the
4 various committees, CARMA, and all of the people that
5 reached out, but especially the work that you guys did.
6 Because I, having done some of that myself, I have to say
7 that what you did was a really tremendous, difficult task,
8 and you pulled it off incredibly. And we look forward to
9 your continuing to do that with the resources that are still
10 coming in that you discussed.

11 And I also agree with what you said, which is that
12 one of the things that you said at the end there, that this
13 industry doesn't often pull together to accomplish
14 objectives that are in the best interest of everyone within
15 the industry, and it took a crisis for that to happen. And
16 so maybe we can learn from it. Hopefully we can learn from
17 it and move ahead on a lot of other things in a united and
18 cooperative, cooperative manner.

19 But again, on behalf of the Board and the CHRB,
20 thank you all so much for the work that you did, the hard
21 work that you did. And especially thank you to all the
22 people who made those contributions in money, time and goods
23 and services. Thanks to everyone.

24 Anybody else?

25 COMMISSIONER MASS: I just have just one --

1 CHAIRMAN WINNER: Please, Fred.

2 COMMISSIONER MASS: Just one question. Obviously,
3 thank you, gentlemen, for everything you've done.

4 But for those folks that still want to do things,
5 are there still vehicles, or have you put out where people
6 can still contribute or what they can do?

7 MR. GOODRICH: There, on our website, CTHFCares.
8 However, I can tell you, I mean, at some point, we wanted to
9 get through this today, but as the GoFundMe campaign closed
10 within a couple weeks after the fire, we will probably
11 officially close the campaign for the victims' fire relief
12 at some point in the near future. Selfishly, there will be
13 a note where they can still donate money if they want to
14 help the workers and trainers in general, but at some point,
15 you know, we have to make it clear that the campaign is
16 closed, thank everybody. I mean, nearly 6,000 donors,
17 donations from \$5.00 to \$50,000, I mean, it was
18 unbelievable. People who loved horses. People who cared
19 about people.

20 But it can't go on forever in fairness, so at some
21 point we'll be officially closing it. But people will still
22 have a vehicle to donate if they so wish. And if they still
23 want to donate to the fire, we're not going to send it back
24 and say sorry.

25 CHAIRMAN WINNER: Rick?

1 EXECUTIVE DIRECTOR BAEDEKER: Yeah, I just wanted
2 to ask, I know -- and first of all, I want to confirm what
3 Cliff said. Cliff has been calling me regularly with
4 updates on everything that he has described for the Board
5 here today, which we very much appreciate.

6 But I'm curious, and I know when we had one of our
7 discussions you talked about expenses from this point going
8 forward, particular with Martine Bellocq --

9 VICE CHAIRMAN AUERBACH: Joe Herrick.

10 MS. MOFFETT: -- and Joe Herrick, as well, and
11 those costs are yet to be determined, but I'm curious, you
12 know, you watch some of those YouTube videos and you got a
13 sense for those people in crisis. And is there an effort or
14 a mechanism to get people help that have been traumatized
15 that may not have lost something physically but, you know,
16 emotionally, they're going to have issues going forward?

17 MR. GOODRICH: Actually, we just got a call
18 yesterday. I think there was some initial help given.

19 And, Alan, I don't know if you were aware of it,
20 but I made Angie aware, we got a call from a trainer who
21 said I think some people need help down here. She was
22 calling for Del Mar.

23 So the answer is, yes, there's a mechanism. We
24 have to identify the right psychologists, psychiatrists. But
25 monies will certainly and can be used for that purpose, for

1 people who have short-term trauma and, like the horses,
2 there could be long-term trauma. I mean, we just don't
3 know.

4 EXECUTIVE DIRECTOR BAEDEKER: Thank you.

5 CHAIRMAN WINNER: Anything else?

6 VICE CHAIRMAN AUERBACH: I just want to make
7 everybody aware, too, aside from all the -- there's no way
8 to thank everybody. I mean, I watched Jenine Sahadi do some
9 amazing stuff with stuff. I watched stuff come in you
10 couldn't believe. I watched a lot of backstretch workers
11 walk up to collect their money with boxes of brand new boots
12 and clothing. And I know that Del Mar had an issue because
13 there was so much goods and services given to backstretch
14 workers that they had trouble with the electrical on the
15 backstretch. They couldn't handle all the new products.

16 And I'm not in any way saying, my gosh, we made
17 them better than they were. What I'm saying is that the
18 volume and the amount of help and the amazing calls that I
19 got from Del Mar, like we have too much stuff, "What do we
20 do with it." The calls that I got from Los Al, "We have
21 another truckload going to Del Mar, but they said they don't
22 want it. Can we send it to Santa Anita," who said, "We
23 don't have any room for this stuff either."

24 So it was amazing. And Cliff is right, if we
25 could find a way to keep that spirit, that this is one

1 community and to keep it going, it would be miraculous. I
2 think we were miraculous in what we did, all of us. Thank
3 you, everybody.

4 CHAIRMAN WINNER: Thank you.

5 Discussion and action by the Board regarding a
6 report from the California Marketing Committee, CMC,
7 regarding its 2018 marketing and promotions plans pursuant
8 to Business and Professions Code section 19605.732(b).

9 Who is here from CMC? Is there no one here from
10 CMC?

11 EXECUTIVE DIRECTOR BAEDEKER: Richard Scheidt.

12 CHAIRMAN WINNER: Oh, sorry, Richard.

13 MR. SCHEIDT: Well, good morning.

14 CHAIRMAN WINNER: Good morning.

15 VICE CHAIRMAN AUERBACH: Good morning.

16 MR. SCHEIDT: Richard Scheidt, California
17 Authority of Racing Fairs. And I also sit on the Board of
18 the CMC. And I was asked to come and support Elizabeth
19 Morey, who is here on behalf of the CMC Board Chair, Greg
20 Avioli, who is out of town. And Elizabeth just stepped out.

21 So I don't have anything prepared, I believe she does, and
22 she should be back momentarily.

23 CHAIRMAN WINNER: All right. Do you want us to
24 move on to the next item and come back?

25 MR. SCHEIDT: If possible, that would be great.

1 CHAIRMAN WINNER: Okay. Let's do that.

2 MR. SCHEIDT: Thank you.

3 CHAIRMAN WINNER: The next item is number seven,
4 discussion and action by the Board regarding the request
5 from the Jockey Defined Contribution Retirement Plan Pension
6 Trustees, to amend the plan to provide that retired
7 participants who previously elected annual installment
8 distributions may elect a lump-sum distribution of the
9 remaining plan account balance.

10 MR. GUSMAN: Mr. Chairman, Members, Shane Gusman
11 on behalf of the Jockeys' Guild as I am a Trustee, as well.

12 This request basically just corrects an oversight
13 that was taken in the, I believe, August 2017 amendment.
14 That amendment allowed a lump-sum distribution if the
15 retiree wanted to take that election. This would allow folks
16 who have already retired, and my understanding, there's only
17 a few that this applies to, it would allow them to take the
18 lump sum, even though they've already elected to take an
19 annual payment, so this corrects that.

20 CHAIRMAN WINNER: And this, I think, stems from a
21 concern that Russell Baze --

22 MR. GUSMAN: Right.

23 CHAIRMAN WINNER: -- has had --

24 MR. GUSMAN: That's correct.

25 CHAIRMAN WINNER: -- and the difficulty he's had

1 in trying to get the lump-sum payment. And there's, in my
2 view, at least, there's no reason not to proceed with this
3 and to protect Russell for what he wants. He's done enough
4 for racing, I would say, over the years to merit it. And I
5 think for all the other jockeys that may choose to do this
6 that are affected.

7 So with that, I would move adoption of this. Is
8 there a second?

9 COMMISSIONER CHOPER: Second.

10 CHAIRMAN WINNER: Seconded by Commissioner Choper.

11 Any discussion?

12 Commissioner Mass?

13 COMMISSIONER MASS: Yes.

14 CHAIRMAN WINNER: Commissioner Solis?

15 COMMISSIONER SOLIS: Yes.

16 CHAIRMAN WINNER: Chairman votes yes.

17 Vice Chair?

18 VICE CHAIRMAN AUERBACH: Yes.

19 CHAIRMAN WINNER: Commissioner Choper?

20 COMMISSIONER CHOPER: Yes.

21 CHAIRMAN WINNER: Commissioner Ruano?

22 COMMISSIONER RUANO: Yes.

23 CHAIRMAN WINNER: Okay. It passes unanimously.

24 Thank you.

25 MR. GUSMAN: Thank you.

1 CHAIRMAN WINNER: Thank you very much. And thank
2 Russell for his patience.

3 Are we ready with --

4 VICE CHAIRMAN AUERBACH: Liz is back.

5 CHAIRMAN WINNER: Yeah.

6 VICE CHAIRMAN AUERBACH: Yeah, she's back.

7 CHAIRMAN WINNER: Good morning again.

8 MS. MOREY: Good morning. Elizabeth Morey,
9 Thoroughbred Owners of California, on behalf of the
10 California Marketing Committee.

11 The CMC is the statewide Marketing Committee
12 organization that exists to market and promote California
13 thoroughbred and fair horse racing. We give a report to the
14 CHRB every year on the proposed expenditures for the
15 organization, which is included in your packet.

16 Our key programs for 2017-18 budget year, two
17 Significant Player Programs, one available to players at all
18 of the satellite facilities statewide, and one available on
19 track to large players at Santa Anita and Del Mar.

20 I apologize. I am getting over a cold.

21 As you are aware, the live on-track handle
22 generates the most revenue for California horsemen in
23 tracks, so the on-track large player rebate program is very
24 important to maximizing our purse and commission generation.

25 We also participate in horse recruitment, the most

1 notable program being the Del Mar Ship and Win. But each
2 track is encouraged to devise a horse recruitment program
3 that best serves their needs and their meet.

4 We also do satellite marketing giveaways at the
5 satellite facilities to promote those locations and get
6 people to come out and participate at those facilities.

7 Two websites, the CalRacing.com website, where
8 replays are available, as well as a variety of industry
9 information on trainer directories, stakes' searches that
10 are available, and that's a very valuable resource for
11 people looking into California racing. And new last year,
12 the Cal Racing Cares websites, which is part of the We Care
13 Horse campaign that will continue this next year. We will
14 continue to be adding more video and more content. We
15 already feature several CHRB Commissioners in the videos
16 that have already been produced. And for everyone that
17 hasn't checked out that website, it showcases how the
18 California horsemen care about the race horses and the
19 athletes and what we do to ensure their safety and their
20 quality of life.

21 And we also contribute to the Golden State Series
22 in a partnership with the CTBA to promote opportunities for
23 Cal-breds in California.

24 CHAIRMAN WINNER: Can you just clarify for me a
25 couple of things.

1 First of all, the Significant Player Program in
2 2017, can you just explain this chart, why there was nothing
3 -- why there's nothing shown in 2017?

4 EXECUTIVE DIRECTOR BAEDEKER: There's a total, but
5 not --

6 CHAIRMAN WINNER: Where? Yeah, there's a total at
7 the bottom.

8 MS. MOREY: Yes.

9 CHAIRMAN WINNER: But it doesn't show the
10 breakdown.

11 MS. MOREY: Yes. So it's a very -- it's still a
12 comparable amount of money, \$730,000 from 2017 which, as you
13 noted, is not broken down between the satellite facilities
14 and the on-track programs. It is down about 20 percent this
15 year, and that's mostly based on 2017 actuals, participation
16 in the program. The fewer people that participate, the less
17 rebates that we give.

18 CHAIRMAN WINNER: The other question that I have
19 has to do with We Care, which I thought and I think most
20 people thought was a real success story and very good for
21 racing. And I note that that's down \$50,000, or 25 percent.

22 And I understand that Chip Tuttle is no longer going to be
23 working on that; is that correct? And why drop that \$50,000
24 from that program, which has been so successful and, I think
25 we all felt going forward, would be very, very meaningful to

1 racing in California?

2 MS. MOREY: It certainly does not represent a lack
3 of investment in the program. There were significant costs
4 associated last year with website design that we don't
5 anticipate having this year, so we feel \$150,000 should
6 still fund the program at the same level and quality that it
7 was last year.

8 CHAIRMAN WINNER: Well, who's going to be doing
9 the production is Chip isn't?

10 MS. MOREY: I know that another company has been
11 contracted, or they're in the process of that. And Greg
12 Avioli or Scott Daruty would be able to answer that.

13 CHAIRMAN WINNER: Okay. It would be interesting
14 to hear why that decision was made. I mean, everybody seems
15 to think that the job that they did was a terrific job. But
16 again, I'm not promoting one firm over another. I was
17 surprised by that. I'm also -- I mean, I see that there's
18 an administration -- 52 percent increase in administration
19 expense with a 25 percent decrease in the We Care Program,
20 which was, to me, a little disappointing.

21 MS. MOREY: Last year, we were able to partner
22 with a couple other industry organizations to share the
23 administration expenses. The 2016 number was actually
24 \$190,000. So if you compare the 2016 to the 2018, we
25 actually still have decreased administration expenses by

1 \$100,000. So that represents a budgeting issue, rather than
2 a change of priorities. The We Care is still absolutely one
3 of the top priorities of the organization.

4 CHAIRMAN WINNER: Okay. Thank you.

5 Any other questions?

6 VICE CHAIRMAN AUERBACH: I don't know if -- where
7 I got this from, so maybe the Committee can correct me if
8 I'm wrong, but my information is that the program given to
9 for the furtherance of the program, rather than Chip Tuttle
10 and the amazing job they did with rave reviews, it was given
11 to XBTV or some Stronach-related group. Is that your
12 understanding of it?

13 MS. MOREY: I believe you're correct. I think
14 Greg would be able to go into greater detail about that.

15 VICE CHAIRMAN AUERBACH: It's disappointing that
16 Greg isn't here to explain to us why this program that was
17 so well, I think, really well done and well received by
18 everybody is -- you made this change. It doesn't make a lot
19 of sense to me. I don't want to put words in Chuck's mouth,
20 but it really doesn't make any sense to me why we finally
21 have something that we were very proud of, and now we move
22 the purveyor who, you know, I think did a great -- I'm not
23 saying that someone else can't do a great job, too. I was
24 just curious about the decision making.

25 CHAIRMAN WINNER: Jesse, yes, please.

1 COMMISSIONER CHOPER: Would it be helpful if you,
2 after you talk to Greg, have him submit a short couple of
3 statements explaining the issues that have been raised here?

4 MS. MOREY: Absolutely.

5 COMMISSIONER CHOPER: Because, you know, I'm sure
6 there are answers, as you indicate, but it would helpful for
7 us actually to have them. We can look at them between now
8 and the next meeting to see if we have any questions.

9 CHAIRMAN WINNER: I think that's a good idea.
10 Should we put this back on for next meeting --

11 VICE CHAIRMAN AUERBACH: Let's put it back on.

12 CHAIRMAN WINNER: -- just to --

13 VICE CHAIRMAN AUERBACH: Let's have them --

14 COMMISSIONER RUANO: I agree.

15 VICE CHAIRMAN AUERBACH: -- report again.

16 EXECUTIVE DIRECTOR BAEDEKER: Sure.

17 CHAIRMAN WINNER: -- have it when Greg is here.

18 VICE CHAIRMAN AUERBACH: And when --

19 COMMISSIONER MASS: As long as we're going to have
20 them respond --

21 VICE CHAIRMAN AUERBACH: -- Liz has a voice,
22 maybe.

23 COMMISSIONER MASS: -- can I just ask a couple of
24 questions --

25 CHAIRMAN WINNER: Please.

1 COMMISSIONER MASS: -- maybe respond to, as well?

2

3 Because I know you had limited resources and
4 everyone's not here, but I didn't see anything in the
5 report, and maybe I'm just ignorant, of what you're doing in
6 the whole social media space, Snapchat, Instagram, search
7 engine optimization, Facebook, and what you're also doing in
8 the mobile platforms from part of your marketing budget.

9 MS. MOREY: I will include that in our
10 presentation, along with the update on the Cal Racing Cares
11 program.

12 COMMISSIONER MASS: That would be great.

13 CHAIRMAN WINNER: Rick?

14 EXECUTIVE DIRECTOR BAEDEKER: Yeah. I'd just like
15 to make a point that there's a major note here that I think
16 should also be addressed, and that is that this legislation
17 sunsets at the end of this year.

18 CHAIRMAN WINNER: Yeah.

19 EXECUTIVE DIRECTOR BAEDEKER: And so there are
20 obviously some very critical parts to this program that I'm
21 sure the industry wants to keep going forward, if that bill
22 should or that legislation should sunset. So maybe you'll
23 address that --

24 MS. MOREY: Yeah. Absolutely.

25 EXECUTIVE DIRECTOR BAEDEKER: -- at the next

1 meeting.

2 MS. MOREY: There is some preliminary agreement
3 with the parties, that they would like to get together and
4 figure out how to extend funding for the program into next -
5 - into following years.

6 EXECUTIVE DIRECTOR BAEDEKER: Great.

7 COMMISSIONER RUANO: And it just would be helpful
8 just to break things out a little bit more. I mean, it's
9 just so vague in terms of why you're allotting certain
10 amounts of money. I'm just -- you know, the \$30,000
11 satellite marketing, but how does that break out? What does
12 that mean? And what did you do last year? And what results
13 came out of that, that would justify that additional -- I
14 don't know if it's an additional investment?

15 CHAIRMAN WINNER: Would it be a good idea, Liz,
16 we'll put this off until -- we'll put this back on the
17 agenda at the next meeting? And hopefully Greg can be here
18 and we can go through some of these same questions again.
19 In the meantime, proceed with whatever you have to proceed
20 with. Is that okay?

21 MS. MOREY: Sure. Absolutely.

22 CHAIRMAN WINNER: Okay. Everybody agree?

23 COMMISSIONER RUANO: Yes.

24 COMMISSIONER CHOPER: Yes.

25 CHAIRMAN WINNER: Okay. That's what we'll do.

1 Thank you very much.

2 We'll move back then to item number eight,
3 discussion and action by the Board regarding the staff
4 review of the photo finish technology in use at California
5 racetracks.

6 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

7 Commissioners, you might recall last summer there was a bit
8 of a controversy in blog world about a delay in the stewards
9 reviewing a photo finish and the amount of time it took. It
10 took ten minutes for them to post the order of finish. And
11 as I think is mentioned here, nobody could figure out why it
12 could take that long. And the reason was that the stewards
13 asked for a photo, a hard copy, and that the printer
14 malfunctioned. So, you know, stuff happens. It was a dead
15 heat, as you can hear from our chief steward, that this is
16 part of the regular process that the stewards follow.

17 But following that, I asked Jeff Salmon, our
18 Safety Steward who's headquartered in Sacramento, whose also
19 been quarterbacking the microchip program and is now
20 bringing in Tom McCarthy to move that forward. But I asked
21 Jeff to look around the country and see if, in fact, our
22 photo finish technology in California was equal to the rest
23 of the country, or better or worse, and he filed a report.
24 And so I thought that his findings would interest the Board.

25 Jeff?

1 MR. SALMON: Good morning, Commissioners. Jeff
2 Salmon, CHRB Staff.

3 I think we made a small error. There was a report
4 that I filed with the Executive Director that was supposed
5 to be included in your package, and I'm not sure it got in
6 there.

7 VICE CHAIRMAN AUERBACH: It is in the package.

8 MR. SALMON: Okay. It is in -- have you had a
9 chance to see that then?

10 CHAIRMAN WINNER: Yeah.

11 MR. SALMON: Okay. Then I will limit my comments
12 to a summary of where we are right now on this review. It's
13 a little later than the information you have in your
14 package. And then provide you an opportunity to ask
15 questions.

16 The incident that Rick is referring to, the delay
17 was due to a USB port problem with a new printer that is
18 used to reproduce the photo finish pictures for analysis by
19 the judges and subsequent recordkeeping. This problem was
20 rectified immediately and the system is now working
21 correctly.

22 But in response to that the photo finish and video
23 replay vendors, PLUSMIC and Pegasus Communications, took
24 their own initiative to review the system setup to ensure
25 the best possible photo images for all of our racetracks.

1 And their reviews showed interesting results. It showed
2 that 22-inch 1280 by 1024 pixel monitors in most of our
3 facilities were outdated, and we did have full HD monitors
4 connected to the video replay system. So when the video
5 replay system showed the photo result, it was in full HD.
6 But in the judges' stands we were not in full HD.

7 EXECUTIVE DIRECTOR BAEDEKER: So the public saw a
8 full HD, but not the stewards?

9 MR. SALMON: That's correct. So the vendors, on
10 their own, took the initiative to upgrade the facilities at
11 Santa Anita and be ready for the December 26th meeting
12 start. The upgrade included software modifications for the
13 computer that transmits the photo image to the monitors and
14 the video replay system. The new monitors and computers
15 were rehearsal tested at Santa Anita on December 20th and
16 were ready for the December 26th opening.

17 Steward Kim Sawyer represented the CHRB at the
18 rehearsal and reported a significant improvement in monitor
19 display clarity. The Santa Anita stewards report that the
20 new system is working well, with no new issues. So we're
21 currently operational at Santa Anita.

22 (Off mike colloquy.)

23 MR. SALMON: Excuse me.

24 CHAIRMAN WINNER: It's all right. Just go ahead.

25 MR. SALMON: We're doing this in real time.

1 In parallel, we initiated our own review with the
2 vendor work performed at Santa Anita. I personally talked
3 to the California vendors extensively, and a major photo
4 finish vendor from the East Coast called International
5 Sound. Their clients, the East Coast firm that I talked to
6 have included Belmont Park, Churchill Downs, Saratoga and
7 Pimlico. Our photo finish camera technology is state-of-
8 the-art. We compared some of our photos to photos posted at
9 other major tracks and our quality is equal to or better.

10 The monitor technology upgrade is necessary and
11 timely. PLUSMIC has recommended a plan. The hardware in
12 use at Santa Anita will be taken to Del Mar, or potentially
13 duplicated. Los Alamitos needs to be upgraded as soon as
14 possible. This is the recommendation of our photo finish
15 vendor. Pleasanton, Santa Rosa and Fresno will use the same
16 hardware and should be upgraded before the 2018 meetings.
17 Golden Gate can be ready by November. And then Cal Expo
18 Harness, the State Fair and Ferndale are not HD ready at
19 this point, and more extensive upgrading would be required
20 for these sites.

21 (Off mike colloquy.)

22 MR. SALMON: I personally took a look at sort of
23 the numbers associated with the way our photo finish system
24 works, and we have plenty of resolution with regard the
25 number of frames per second we're taking at the finish line.

1 We're basically recording the photo at full speed at the
2 wire every 1/100th of an inch, so that's a very, very tight
3 photograph and more than accurate for our application.

4 So as far as the technology, the camera
5 technology, we're state-of-the-art. It's the monitor
6 technology that needed to be resolved and upgraded.

7 EXECUTIVE DIRECTOR BAEDEKER: So, Commissioners,
8 if I might point out that the associations come before you
9 and they present their race meet application. And they're
10 required by the Board, by rules, to provide the equipment
11 that is needed for the operation of the race meet. I doubt
12 that anybody would argue that this upgrade to HD necessary,
13 but there is a cost associated with it at each location.
14 And so we'll keep this in mind as applications come before
15 you and we'll note in your Board book whether or not this
16 change is going to be made. I can't imagine, other than
17 perhaps at a fair location that's only got a couple of
18 weeks, but at the meets that operate for a good portion of
19 the year, like Santa Anita, like Golden Gate, like Los
20 Alamitos, and, of course, Del Mar is also included in that
21 group, it's kind of a no-brainer, I think --

22 CHAIRMAN WINNER: Right.

23 EXECUTIVE DIRECTOR BAEDEKER: -- that I'm guessing
24 that you would want them to also provide the upgrades.

25 CHAIRMAN WINNER: What is the -- there were two

1 fairs, I think you mentioned, that do not have.

2 MR. SALMON: Actually, three.

3 CHAIRMAN WINNER: Three.

4 MR. SALMON: Pleasanton, Santa Rosa and Fresno.

5 They thought they could support -- they actually move the
6 hardware from track to track, the monitors and the cameras.

7 And I didn't know this. And there's a realignment each
8 time you open a meet. So --

9 EXECUTIVE DIRECTOR BAEDEKER: So what does that
10 leave, Jeff? Who would not have?

11 CHAIRMAN WINNER: Yeah.

12 MR. SALMON: Who would not have?

13 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

14 CHAIRMAN WINNER: Yeah. That's what I mean.

15 MR. SALMON: Fresno and Ferndale.

16 CHAIRMAN WINNER: Yeah. I thought those were the
17 two.

18 MR. SALMON: Those are the two.

19 CHAIRMAN WINNER: And Cal Expo, would this affect
20 the Standard bred?

21 MR. SALMON: Yes.

22 CHAIRMAN WINNER: So they have racing pretty much
23 year-round.

24 MR. SALMON: Yes.

25 CHAIRMAN WINNER: Would they not -- would it not

1 make sense for us to --

2 MR. SALMON: I think the vendor's position was
3 that he knew it would cost more at those two tracks, and
4 that hasn't been resolved with regard to what those total
5 costs would be because they're not HDD ready. And I need to
6 look into the details of that and I can --

7 EXECUTIVE DIRECTOR BAEDEKER: Does this same
8 vendor handle those two locations?

9 MR. SALMON: That's correct.

10 EXECUTIVE DIRECTOR BAEDEKER: Okay.

11 MR. SALMON: Uh-huh.

12 EXECUTIVE DIRECTOR BAEDEKER: All right. But we
13 haven't spoken to any of the other associations --

14 MR. SALMON: No.

15 EXECUTIVE DIRECTOR BAEDEKER: -- about this
16 conversation --

17 CHAIRMAN WINNER: Okay.

18 EXECUTIVE DIRECTOR BAEDEKER: -- so we will.

19 CHAIRMAN WINNER: Okay.

20 MR. SALMON: No. We're at the point where we've
21 reached some conclusions and now we have to assess what it's
22 going to take to do it and how much it costs.

23 VICE CHAIRMAN AUERBACH: And you did say that it's
24 working well there right now; right?

25 MR. SALMON: Yes. I've --

1 VICE CHAIRMAN AUERBACH: I think that's fabulous.
2 I mean, this was something that we just brought up, it got
3 instantly addressed and we've got a resolution, and I think
4 that's -- I'd like to commend Staff for getting it done
5 already. Thank you.

6 MR. SALMON: I will say that the vendors that
7 support California racing, PLUSMIC and Pegasus
8 Communications, they went out and did it. They didn't wait
9 to get directed or get a contract change or whatever. They
10 felt obligated. They got it in place and it works. And
11 we're at the point now where we have to evaluate what the
12 total size --

13 VICE CHAIRMAN AUERBACH: Where we're going to
14 mandate it.

15 MR. SALMON: -- of the investment --

16 VICE CHAIRMAN AUERBACH: Yeah.

17 VICE CHAIRMAN AUERBACH: -- is required.

18 VICE CHAIRMAN AUERBACH: Like Ferndale would be an
19 iffy kind of thing.

20 MR. SALMON: Right, I suppose.

21 CHAIRMAN WINNER: Anything else? Any other
22 questions or comments?

23 Thank you, guys, very much.

24 MR. SALMON: Okay. Thank you.

25 CHAIRMAN WINNER: Item number nine, discussion and

1 action by the Board on the renewal Application for License
2 to Operate a Minisatellite Wagering Facility at Sammy's
3 Operating Company, LLC dba Sammy's Original of Lake Forest,
4 for a period of up to five years.

5 George?

6 EXECUTIVE DIRECTOR BAEDEKER: When I gave those
7 numbers earlier today about the year-end performance, I
8 thought I'd wait on this one.

9 Sammy's is the number one performer of all
10 minisatellite locations. In this recently concluded
11 calendar year, they handled \$19.7 million, up from last year
12 \$18.3 million, so that was a seven percent increase, and I
13 think you've been increasing each year.

14 VICE CHAIRMAN AUERBACH: Plus, they have the best
15 pastrami sandwiches of any other satellite.

16 MR. GENOVESE: Oh, aren't you nice.

17 VICE CHAIRMAN AUERBACH: I'll throw that in.

18 CHAIRMAN WINNER: George, did you get the
19 signature you needed?

20 MR. HAINES: No, not yet.

21 CHAIRMAN WINNER: No? Okay.

22 MR. HAINES: George Haines, Southern California
23 Off Track Wagering. Our application before you is for a
24 License Renewal for Sammy's.

25 As Executive Director Rick Baedeker just told you,

1 this is the highest performing satellite we have and really
2 one of the nicest. They've done a great job in promoting
3 horse racing amongst their customers and inviting new
4 customers in. We're lucky to be in business with them and
5 we appreciate them.

6 CHAIRMAN WINNER: Now did you want to say
7 something also?

8 MR. GENOVESE: I said thank you.

9 CHAIRMAN WINNER: Oh, okay. Okay. So there's one
10 document missing; correct?

11 MR. HAINES: Well, not on this application.

12 CHAIRMAN WINNER: Oh, it's -- okay.

13 MR. HAINES: We're talking about --

14 CHAIRMAN WINNER: Sorry.

15 MR. HAINES: -- 13 right now.

16 CHAIRMAN WINNER: Okay. Sorry.

17 MR. HAINES: Okay.

18 CHAIRMAN WINNER: So is there a motion on -- any
19 discussion?

20 MR. HAINES: Before we go to a motion, we just
21 want to say one of our great friends, Brad McKinzie, was
22 very involved with Sammy's, and we miss him greatly. But,
23 you know, his legacy is there and his knowledge of horse
24 racing helped promote Sammy's to be what it is today, so
25 thank Brad.

1 CHAIRMAN WINNER: I'm glad you said that.

2 VICE CHAIRMAN AUERBACH: Well said.

3 CHAIRMAN WINNER: And we all --

4 MR. GENOVESE: He and Rick.

5 MR. HAINES: And Rick also, yeah.

6 MR. GENOVESE: Rick helped us an awful lot, yeah.

7 CHAIRMAN WINNER: Well, we won't -- we don't care
8 about Rick.

9 EXECUTIVE DIRECTOR BAEDEKER: I helped with the
10 pastrami sandwich part.

11 MR. HAINES: And Mike came over a couple times.

12 CHAIRMAN WINNER: It was a gelato pastrami
13 sandwich.

14 But thank you for saying that about Brad. We all
15 miss him a lot. Okay.

16 Any discussion? Is there a motion?

17 COMMISSIONER SOLIS: So moved.

18 CHAIRMAN WINNER: Everybody move

19 COMMISSIONER SOLIS: Commissioner Solis moves.

20 COMMISSIONER MASS: Second.

21 CHAIRMAN WINNER: Commissioner Mass seconds.

22 Commissioner Ruano?

23 COMMISSIONER RUANO: Yes.

24 CHAIRMAN WINNER: Commissioner Choper?

25 COMMISSIONER CHOPER: Yes.

1 CHAIRMAN WINNER: Commissioner -- Vice Chair
2 Auerbach?

3 VICE CHAIRMAN AUERBACH: Whatever you are, yes.

4 CHAIRMAN WINNER: Chairman votes yes.

5 Commissioner Solis?

6 COMMISSIONER SOLIS: Yes.

7 CHAIRMAN WINNER: Yes. And Commissioner Mass?

8 COMMISSIONER MASS: Yes.

9 CHAIRMAN WINNER: Yes. Thank you.

10 MR. HAINES: Thank you.

11 CHAIRMAN WINNER: And thank you for all you're
12 doing.

13 Ten, discussion and action by the Board on the
14 Renewal Application for License to Operate a Minisatellite
15 Wagering Facility at the OC Tavern Grill and Sports Bar, San
16 Clemente, for a period of up to five years.

17 (Colloquy between Chairman Winner and Vice Chairman
18 Auerbach)

19 George?

20 MR. HAINES: Again, George Haines, Southern
21 California Off Track Wagering. This is a change of
22 ownership at our original minisatellite, the groundbreaker,
23 at OC Tavern. Mike Merrigan is with us, and a new owner,
24 Chris Dalgaard, also, and they'll explain the situation to
25 you about the change of ownership.

1 MR. MERRIGAN: I'm Michael Merrigan. And the
2 reason I decided to sell OC Tavern was my mom had stage four
3 cancer, and I wanted to be with her. So I was lucky to come
4 across this gentleman, Chris Dalgaard, with the same vision,
5 attitude, goal to provide a great atmosphere for the horse
6 racing industry. And he has been starting to learn, and
7 I've been teaching him a lot of things. And he's going to
8 be a great asset to this industry and keep the legacy that I
9 started and keep it going. And I guess you'll have to get a
10 pastrami sandwich going too.

11 And so --

12 (Cell phone rings.)

13 VICE CHAIRMAN AUERBACH: There we go.

14 MR. DALGAARD: There we go.

15 MR. MERRIGAN: See, even God knows it's good.

16 But that's -- I've had the privilege of working
17 with all of you, well, Rick Baedeker, Madeline and, of
18 course, George Haines, and it's been great. And I'm still
19 going to be involved, helping out, building it even stronger
20 with Chris, and we're here for that approval. Thank you
21 very much.

22 CHAIRMAN WINNER: Thank you. Any questions?

23 VICE CHAIRMAN AUERBACH: We didn't get the
24 financials on this.

25 MR. MERRIGAN: I can send those to you right away.

1 I mean, I offered to do that. They kept saying for Chris's
2 financials, and he hasn't had the business yet. So --

3 VICE CHAIRMAN AUERBACH: So --

4 MR. MERRIGAN: -- if you need mine --

5 EXECUTIVE DIRECTOR BAEDEKER: What we need, Chris,
6 is we need just more of your personal financials. We just
7 kind of ran out of time here, but we wanted to get you
8 before the Board today. So I would recommend, Mr. Chairman,
9 that the motion include a contingency --

10 VICE CHAIRMAN AUERBACH: Upon --

11 EXECUTIVE DIRECTOR BAEDEKER: -- upon receipt
12 of --

13 VICE CHAIRMAN AUERBACH: -- receipt of the
14 financials.

15 EXECUTIVE DIRECTOR BAEDEKER: -- yeah, of the
16 financials, which, you know, we'll give you reasonable time
17 to get those to us.

18 MR. DALGAARD: Sure.

19 CHAIRMAN WINNER: Okay.

20 MR. MERRIGAN: And we've been -- he's been working
21 with Francisco. I think he has them already.

22 EXECUTIVE DIRECTOR BAEDEKER: Okay. Good.

23 VICE CHAIRMAN AUERBACH: That's good to know. I
24 think you really started something. I'm sorry about your
25 mom. I'm sure we're all very sorry to hear that. But you

1 really started something with your minisatellite and I know
2 we're all very, very grateful. This is kind of a new era.
3 And Sammy's came in after you, and I think a lot of it was
4 based on what you did and your leadership. And we're very
5 grateful to you and thank you very much, and we wish --

6 EXECUTIVE DIRECTOR BAEDEKER: Madeline, I talked
7 about having 12 minisatellites earlier.

8 VICE CHAIRMAN AUERBACH: Just like that.

9 EXECUTIVE DIRECTOR BAEDEKER: And I'm not sure if
10 we'd have any at this point if Michael hadn't personally
11 walked the streets in San Clemente, explaining what he
12 wanted to do --

13 VICE CHAIRMAN AUERBACH: Yeah.

14 EXECUTIVE DIRECTOR BAEDEKER: -- talking to
15 planning commissioners, talking to council people.

16 And how long did it take? It took over a year
17 before the city -- correct?

18 MR. MERRIGAN: Sixteen months, three days, 22
19 hours.

20 EXECUTIVE DIRECTOR BAEDEKER: And you know what,
21 the other thing I'd like to say about Michael is when
22 Sammy's opened up the road, he knew that it was going to
23 impact his business, which it did.

24 MR. MERRIGAN: Right.

25 EXECUTIVE DIRECTOR BAEDEKER: And I can remember

1 distinctly a conversation with you where you said, "I get
2 it. I understand this is good for racing. I have no
3 objection to it." And those are big words and appreciated.

4 MR. MERRIGAN: Thank you.

5 CHAIRMAN WINNER: Thank you very much, Michael.

6 All right --

7 VICE CHAIRMAN AUERBACH: So --

8 CHAIRMAN WINNER: -- any other comment? Is there
9 a motion?

10 EXECUTIVE DIRECTOR BAEDEKER: We also need to --
11 Jackie, did we get anything on the Worker's Compensation?

12 MS. WAGNER: Yes. Jackie Wagner, CHRB Staff.

13 We've received the Worker's Comp --

14 EXECUTIVE DIRECTOR BAEDEKER: Okay.

15 MS. WAGNER: -- for that.

16 CHAIRMAN WINNER: Okay. Is there a motion?

17 COMMISSIONER CHOPER: So moved.

18 CHAIRMAN WINNER: So moved by Commissioner Choper.

19 Seconded --

20 EXECUTIVE DIRECTOR BAEDEKER: Do you want to
21 reiterate the part about the --

22 COMMISSIONER RUANO: With contingencies.

23 CHAIRMAN WINNER: Yeah. The motion is contingent
24 on receiving the financials.

25 COMMISSIONER RUANO: Second.

1 CHAIRMAN WINNER: Commissioner Ruano seconds.
2 Commissioner Ruano?
3 COMMISSIONER RUANO: Yes.
4 CHAIRMAN WINNER: Commissioner Choper?
5 COMMISSIONER CHOPER: Yes.
6 CHAIRMAN WINNER: Vice Chair Auerbach?
7 VICE CHAIRMAN AUERBACH: Yes.
8 CHAIRMAN WINNER: Yes. Chairman, yes.
9 Commissioner Solis?
10 COMMISSIONER SOLIS: Yes.
11 CHAIRMAN WINNER: Yes. Commissioner Mass?
12 COMMISSIONER MASS: Yes.
13 CHAIRMAN WINNER: Yes. Good luck to you.
14 Welcome.
15 MR. DALGAARD: Thank you.
16 CHAIRMAN WINNER: And we wish you all the best
17 success.
18 MR. DALGAARD: Thank you.
19 CHAIRMAN WINNER: And, Michael, thank you very
20 much for everything you've done for racing. Thank you.
21 MR. MERRIGAN: It's my pleasure. Thank you so
22 much.
23 CHAIRMAN WINNER: Discussion and action by the
24 Board regarding the proposed amendment to CHRB Rule 2050,
25 Beneficiaries, Welfare Programs and Activities, to expand

1 eligibility for healthcare services provided by California
2 Thoroughbred Horsemen's Foundation, CTHF, as provided for
3 under Business and Professions Code section 19641(b)(3).

4 Cliff?

5 MR. GOODRICH: Would you like me to give some
6 background on this?

7 CHAIRMAN WINNER: Yeah.

8 MR. GOODRICH: I'll be glad to. This was really
9 driven by -- CTHF is at the point where we run a lean
10 machine. And our future clearly lies in our revenue stream.

11 And we submit a five-year projection to the Board annually.

12 The last projection shows us losing over \$1
13 million in the next five years, using a two percent
14 inflation rate for healthcare costs, so it's not a padded
15 projection, it's dead honest.

16 We get most of our money, about two-thirds of it,
17 through statutory deductions on live race handle and ADW,
18 where the tracks and the horsemen really fund us equally to
19 the tune of about two-thirds of our \$2 million annual
20 budget. It's difficult to go after them for more because
21 they're not exactly high-fiving each other over how things
22 are great, and so they're always encouraging us, find
23 another source of revenue.

24 This rule amendment would allow a far broader
25 audience, racing association employees, members of charity

1 organizations, employees of charity organizations, CHR
2 licensees, to make use of our clinics, our clinics only,
3 because we have down time. We're not at 100 percent
4 capacity. We have time, usually in the afternoons. During
5 the summers there's no horses here at Santa Anita where,
6 without displacing workers, we can take in a broader
7 audience of patients, probably more in the dental than the
8 medical, we think that's where it will be more successful,
9 where the workers' pay a minimal copay. We would no doubt
10 charge the people that would make use of us that don't now a
11 higher copay, but it's probably going to be half of what
12 they could get on the outside.

13 So we're convenient. We're right there. From my
14 standpoint, it's an awareness thing, because it's not going
15 to be a big money maker. There's a lot of people that have
16 been on the track for 20 years that couldn't find us on a
17 bet. And we want to broaden our reach, to hopefully broaden
18 our donor base, frankly, but also allow more people to
19 appreciate all the things we do.

20 So we look at this as a win-win. It's convenient
21 for people who want to use us. It broadens our patient
22 base. It doesn't cost us any more money, other than some
23 minor materials and supplies. I have alerted any
24 stakeholder I can think of as to what we want to do. I
25 think they're all in support. If not, I hope they'll speak

1 today or comment during the 45-day period. But I think this
2 is good for everybody, and so we're hoping that the 45-day
3 period can commence.

4 MS. WAGNER: Jackie Wagner, CHRB Staff.

5 The proposal is just as Cliff has identified it to
6 you.

7 I would like to say that this is a result of the
8 bill, AB 1723, which was run in response to the law to allow
9 the expansion of the beneficiaries. And the rule will
10 implement the provisions of AB 1723.

11 CHAIRMAN WINNER: Okay. Any discussion? Is there
12 a motion?

13 VICE CHAIRMAN AUERBACH: I have a --

14 CHAIRMAN WINNER: This is to put it out for 45
15 days.

16 MS. WAGNER: To put it out for 45 days, correct.

17 VICE CHAIRMAN AUERBACH: I have an observation,
18 Cliff. When I read it, I thought it was an oxymoron. I
19 know how strapped you are for cash and I'm reading that you
20 want to provide more services. And I just couldn't get it
21 through my thick skull, what the heck is he talking about?
22 Well, I guess I do now. I guess
23 you're --

24 MR. GOODRICH: Yeah.

25 VICE CHAIRMAN AUERBACH: -- paying these people

1 and the clinics anyway --

2 MR. GOODRICH: Right.

3 VICE CHAIRMAN AUERBACH: -- and they're
4 underutilized, so you have the cap.

5 MR. GOODRICH: Exactly.

6 VICE CHAIRMAN AUERBACH: What kind of -- do these
7 people have to apply to belong to the service first and --

8 MR. GOODRICH: They --

9 VICE CHAIRMAN AUERBACH: -- they can just walk in
10 with their credential?

11 MR. GOODRICH: They will show evidence that
12 they're employed by a racing association, have a license. At
13 that point, they will be a new patient. They will be seen.

14 VICE CHAIRMAN AUERBACH: So there isn't like a
15 monthly bill or anything, it's just when they need the
16 service to take -- I got it.

17 MR. GOODRICH: That's right.

18 VICE CHAIRMAN AUERBACH: Thank you for the
19 explanation.

20 MR. GOODRICH: Okay.

21 COMMISSIONER RUANO: May I ask a question?

22 CHAIRMAN WINNER: Yes, please.

23 COMMISSIONER RUANO: At what capacity are you
24 currently operating?

25 MR. GOODRICH: Well, I don't have a percentage,

1 but I'd say 65 percent. You know, it slows down in the
2 afternoons. There are different periods of the year for
3 various reasons where it gets slower, and so, you know,
4 rather than lay off staff.

5 And by the way, when I say we project \$1 million
6 deficit, that's a true number. Now how, if we don't get
7 more revenue, and this certainly is a sliver, what would be
8 do? We'd have to cut back days or cut back hours. I hope
9 we don't have to do that.

10 VICE CHAIRMAN AUERBACH: Where is the clinic
11 located?

12 MR. GOODRICH: Well, here it's in Lot 7, over on
13 the backstretch. And at Los Alamitos it's in the
14 backstretch. And at Golden Gate it's in the backstretch.
15 So they're all located in the backstretch or near the
16 backstretch.

17 VICE CHAIRMAN AUERBACH: Got it.

18 MR. GOODRICH: But, Madeline, as you asked, I
19 think there's people that have worked here for 30 years that
20 don't know where we're at.

21 VICE CHAIRMAN AUERBACH: Right. Right.

22 MR. GOODRICH: And that's our fault, it's not
23 their fault, so we're trying to get the word out.

24 VICE CHAIRMAN AUERBACH: Thank you.

25 CHAIRMAN WINNER: Thank you. All right.

1 COMMISSIONER SOLIS: Move.

2 CHAIRMAN WINNER: Commissioner Solis moves.

3 COMMISSIONER RUANO: Second.

4 CHAIRMAN WINNER: Commissioner Mass seconds -- or
5 Commissioner Ruano seconds, we'll say.

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 Choper?

14 COMMISSIONER CHOPER: Yes.

15 CHAIRMAN WINNER: Commissioner Ruano?

16 COMMISSIONER RUANO: Yes.

17 CHAIRMAN WINNER: Good luck.

18 MR. GOODRICH: Thank you.

19 CHAIRMAN WINNER: Thank you. Thank you for all
20 you do.

21 Item number 12, discussion and action by the Board
22 regarding a request from Northern California Off Track
23 Wagering, Inc., NCOTWINC, to modify the distribution of
24 market access fees from advance deposit wagering (ADW) as
25 permitted under Business and Professions Code section

1 196.04(f)(5)(E) for wagering conducted by the thoroughbred
2 associations in the northern zone from February 1, 2018
3 through December 31st, 2018.

4 Liz?

5 MS. MOREY: Elizabeth Morey, Thoroughbred Owners
6 of California and NCOTWINC.

7 For new Board Members, NCOTWINC is an organization
8 formed by CARF, Golden Gate Fields and the TOC where tracks
9 and horsemen partner to fund many of the costs associated
10 with the Northern California satellite wagering locations,
11 also known as OTBs, most significantly, labor costs
12 associated with the pari-mutuel clerks.

13 In 2016, these satellite locations generated \$29
14 million to industry stakeholders, including \$1.2 million to
15 CHRB Board support, \$9.1 million in track commissions and
16 \$10.3 million in purses. By statute, 2.5 percent of the
17 satellite handle goes to NCOTWINC operating expenses. But
18 like many of the other industry funds, with the migration of
19 handle from brick and mortar facilities to ADW, the statute
20 no longer covers the operating expenses. The statute allows
21 for a different deduction for the fairs, so this is only an
22 issue in Northern California that affects Golden Gate
23 Fields' meets.

24 This year during Golden Gate Fields' meets, we
25 anticipate needing a little under \$4.1 million to fund

1 NCOTWINC expenses. And we expect the statutory funding for
2 NCOTWINC to be around \$3.7 million.

3 We have not yet finalized an agreement with Golden
4 Gate Fields, we being the TOC, to take it to -- let me back
5 up a minute here.

6 On an annual basis, Golden Gate Fields and TOC in
7 the past have come to this Board to ask to take an ADW
8 deduction to cover the gap in funding from what's provided
9 by the statute to what we actually need to operate the
10 organization. It is often referred to as a deficit, but the
11 facilities contribute far more to the industry in purses and
12 commissions and in Board support than it costs to operate
13 them. This is just to bridge the funding gap.

14 We have not yet finalized an agreement with Golden
15 Gate Fields for this year to take that ADW deduction. But
16 what we're asking the Board to consider is a preapproval of
17 such an agreement to start February 1st at a rate of up to
18 3.5 percent so that, in the event that we're able to reach
19 an agreement with Golden Gate Fields to do an ADW deduction,
20 we could put that into place as soon as possible.

21 EXECUTIVE DIRECTOR BAEDEKER: And, Commissioners,
22 I might explain that the terminology is a little odd. The
23 market access fee is, simply stated, the net that comes back
24 to the tracks and purses from account wagering. So the ADW
25 gets a HUB fee, generally five percent. The balance comes

1 back. Statutory distributions are taken out. And then the
2 net that would drop to the bottom line of commissions and
3 purses can be altered with your approval for reasons such as
4 this.

5 And I want to reiterate a point that you made,
6 Liz. You know, that 2.5 percent is often quoted by people
7 who say, well, satellite wagering isn't making any money
8 because it's costing more than 2.5 percent. That was an
9 arbitrary percentage that was put into the statute, maybe
10 before ADW even existed. And there's been a migration of
11 dollars away from satellites to different things, mostly
12 ADW, but, as a matter of fact, they still are enormously
13 meaningful for purses and commissions.

14 VICE CHAIRMAN AUERBACH: Well, is this the same
15 rate, this 2.9, wasn't this the same that we approved last
16 time?

17 MS. MOREY: So, yes, I believe 2.9 was the rate
18 for last year. Since we've already begun the 2017-18 rate
19 meet and we have not had an ADW deduction in place.

20 VICE CHAIRMAN AUERBACH: Oh, I see.

21 MS. MOREY: If we were to put an agreement in it
22 would be at a higher rate for a shorter amount of time.

23 EXECUTIVE DIRECTOR BAEDEKER: We need to clarify
24 that too. The 2.9 percent last year --

25 CHAIRMAN WINNER: Right.

1 EXECUTIVE DIRECTOR BAEDEKER: -- would have -- was
2 calculated before the beginning of the year and was approved
3 by the Board. Now we're here in January. There still is
4 not a finalized agreement as we speak today, but one is
5 anticipated shortly.

6 So what we're recommending, what Staff is
7 recommending to the Board is that you consider a motion that
8 provides a cap on what the amount can be subject to their
9 negotiations.

10 So what did you say, 3.5?

11 MS. MOREY: 3.5.

12 EXECUTIVE DIRECTOR BAEDEKER: 3.5 is the cap that
13 you're seeking.

14 CHAIRMAN WINNER: Pending. It would be pending
15 the agreement.

16 MS. MOREY: Pending an agreement --

17 EXECUTIVE DIRECTOR BAEDEKER: Pending the
18 agreement.

19 MS. MOREY: -- between TOC and Golden Gate Fields.

20 CHAIRMAN WINNER: Right.

21 EXECUTIVE DIRECTOR BAEDEKER: Right.

22 COMMISSIONER CHOPER: Is this still in negotiation
23 between them, or is it simply a question of transmitting the
24 result?

25 MS. MOREY: George may attest to -- these are very

1 complicated funding issues. And there's been a lot of
2 discussion about SCOTWINC, and I believe the parties are
3 very close to reaching an agreement on that. And I think we
4 expect to dive into NCOTWINC as soon as the SCOTWINC issues
5 are settled.

6 VICE CHAIRMAN AUERBACH: So then we would see you
7 back again, or this would --

8 MS. MOREY: No. So we're --

9 VICE CHAIRMAN AUERBACH: -- just stay in place for
10 a year?

11 MS. MOREY: We are hoping to reach an agreement
12 around February 1, February 15th, somewhere in there, so
13 that we could getting funding started sooner rather than
14 later.

15 CHAIRMAN WINNER: So we wouldn't have to have them
16 back, I wouldn't think, if we do this pending.

17 COMMISSIONER CHOPER: Yeah.

18 CHAIRMAN WINNER: If they don't reach an
19 agreement, then it won't take effect.

20 MS. MOREY: Exactly. But if we do, we would
21 submit the agreement immediately to the Board.

22 VICE CHAIRMAN AUERBACH: Because we're using the
23 number in here of 2.9, but you're saying it might go to 3.5.
24 That's my --

25 CHAIRMAN WINNER: As high as 3.5.

1 VICE CHAIRMAN AUERBACH: That's my confusion,
2 so --

3 EXECUTIVE DIRECTOR BAEDEKER: Well, the confusion
4 is that last year the 2.9 contemplated revenue from 12
5 months. Here they're sitting before us in January, so
6 there's been no additional funding coming in, so they have
7 to make up that deficit. That's why the percentage --

8 VICE CHAIRMAN AUERBACH: And then it would
9 drop --

10 EXECUTIVE DIRECTOR BAEDEKER: -- is going to be
11 higher.

12 VICE CHAIRMAN AUERBACH: -- back down?

13 MS. MOREY: Exactly.

14 VICE CHAIRMAN AUERBACH: Hopefully.

15 EXECUTIVE DIRECTOR BAEDEKER: Well, in other
16 words, whereas last year for 12 months it required a 2.9
17 percent deduction from ADW --

18 VICE CHAIRMAN AUERBACH: Right.

19 EXECUTIVE DIRECTOR BAEDEKER: -- this year,
20 probably starting on February 1st or --

21 VICE CHAIRMAN AUERBACH: Yeah. You have to --

22 EXECUTIVE DIRECTOR BAEDEKER: -- sometime in
23 February --

24 VICE CHAIRMAN AUERBACH: You're going to have to
25 make an allowance for the month --

1 EXECUTIVE DIRECTOR BAEDEKER: You've got to make
2 up --

3 VICE CHAIRMAN AUERBACH: -- that you didn't take
4 it out.

5 EXECUTIVE DIRECTOR BAEDEKER: That's correct.
6 Yeah.

7 VICE CHAIRMAN AUERBACH: Okay.

8 CHAIRMAN WINNER: Okay. Any other discussion?

9 COMMISSIONER MASS: I'm just confused. I'm
10 assuming there's a waterfall. Is money being taken or will
11 be taken from some other line item in the waterfall of
12 distribution after handle or not?

13 EXECUTIVE DIRECTOR BAEDEKER: No. It's out of the
14 net.

15 COMMISSIONER MASS: Okay. Just the distribution?

16 EXECUTIVE DIRECTOR BAEDEKER: -- which would fall
17 to -- yeah.

18 COMMISSIONER MASS: Okay.

19 EXECUTIVE DIRECTOR BAEDEKER: I mean, it is a line
20 item now, right, it's -- because you've had this additional
21 deduction over the last many years, so on your books, it's a
22 line item. But statutorily, this is simply the Board
23 authorizing them to use these ADW funds to cover these
24 expenses, these other expenses.

25 CHAIRMAN WINNER: Motion?

1 VICE CHAIRMAN AUERBACH: Motion. So moved.
2 COMMISSIONER CHOPER: Second.
3 CHAIRMAN WINNER: So moved by Vice Chair Auerbach.
4 Seconded by Commissioner Choper.
5 Commissioner Ruano?
6 COMMISSIONER RUANO: Yes.
7 CHAIRMAN WINNER: Commissioner Choper?
8 COMMISSIONER CHOPER: Yeah.
9 CHAIRMAN WINNER: Vice Chair?
10 VICE CHAIRMAN AUERBACH: Yes.
11 CHAIRMAN WINNER: Chairman votes yes.
12 Commissioner Solis?
13 COMMISSIONER SOLIS: Yes.
14 COMMISSIONER MASS: Yes.
15 CHAIRMAN WINNER: And Commissioner Mass votes yes.
16 Thank you.
17 MS. MOREY: Thank you.
18 CHAIRMAN WINNER: Thank you, Liz. Okay.
19 Now, Southern California, discussion and action by
20 the Board regarding a request from Southern California Off
21 Track Wagering, Inc., SCOTWINC, to modify the distribution
22 of market access fees from advance deposit wagering (ADW) as
23 permitted under Business and Professions Code section
24 196.04(f)(5)(E) for wagering conducted by the thoroughbred
25 associations in the southern zone from February 1, 2018

1 through December 31st, 2018.

2 And, George, this is the one I screwed up earlier.

3 MR. HAINES: Okay.

4 CHAIRMAN WINNER: It's on this item, of course,
5 that we're waiting for a some -- for a document.

6 MR. HAINES: Right.

7 CHAIRMAN WINNER: Correct?

8 MR. HAINES: George Haines, Southern California
9 Off Track Wagering.

10 Again, we we've come before you in the past years
11 and asked for the approval of this agreement, it has been at
12 2.9 percent. But after further review for this year's
13 agreement the parties have found that it was sort of
14 inequitable because certain parties were overfunding and
15 other parties were even or a little bit less, maybe a little
16 shortfall. So we took some time and looked at the numbers
17 and were able to adjust the agreement. And the agreement
18 that we adjusted, it has been signed by all parties.
19 However, there is a secondary agreement that makes the
20 signatures on the primary agreement contingent upon the
21 secondary agreement being signed, and we are three-fourths
22 of the way there. We're just waiting on one signature, so
23 hopefully I will have that signature in the very near
24 future.

25 CHAIRMAN WINNER: And that's because they're --

1 MR. HAINES: They're still reviewing the document

2 --

3 CHAIRMAN WINNER: -- off in Florida.

4 MR. HAINES: -- on the secondary agreement.

5 CHAIRMAN WINNER: And they're out of state.

6 MR. HAINES: And they're out of state, yes.

7 CHAIRMAN WINNER: Yeah. Okay. So we can approve
8 this, pending the final signature?

9 MR. HAINES: Right. The implementation date would
10 be February 1st, so --

11 CHAIRMAN WINNER: Right.

12 MR. HAINES: -- we want to get it done by then.

13 CHAIRMAN WINNER: Right.

14 EXECUTIVE DIRECTOR BAEDEKER: Is your percentage
15 going to be different than 2.9?

16 MR. HAINES: It will 2.9 for all parties except
17 Santa Anita, which has been overfunding that. Even though
18 they get the surplus back, they have been overfunding at a
19 great rate, so we'll take that down to 2.5 percent.

20 EXECUTIVE DIRECTOR BAEDEKER: So that's on the
21 record.

22 CHAIRMAN WINNER: Yeah.

23 EXECUTIVE DIRECTOR BAEDEKER: So it's not
24 exceeding what's in your --

25 CHAIRMAN WINNER: Right.

1 EXECUTIVE DIRECTOR BAEDEKER: -- packet here.

2 CHAIRMAN WINNER: Any discussion? Okay. So the
3 motion would be to approve, pending the Santa Anita
4 agreement --

5 EXECUTIVE DIRECTOR BAEDEKER: Yes.

6 CHAIRMAN WINNER: -- or the Stronach Group
7 agreement. EXECUTIVE DIRECTOR BAEDEKER: Uh-huh.

8 CHAIRMAN WINNER: Okay. Motion?

9 COMMISSIONER MASS: Move.

10 CHAIRMAN WINNER: Commissioner Mass.

11 COMMISSIONER SOLIS: Second.

12 CHAIRMAN WINNER: Commissioner Solis seconds.
13 Commissioner Ruano?

14 COMMISSIONER RUANO: Yes.

15 CHAIRMAN WINNER: Commissioner Choper?

16 COMMISSIONER CHOPER: Yes.

17 CHAIRMAN WINNER: Commissioner -- Vice Chair
18 Auerbach?

19 VICE CHAIRMAN AUERBACH: Yes.

20 CHAIRMAN WINNER: Chairman votes yes.
21 Commissioner Solis?

22 COMMISSIONER SOLIS: Yes.

23 COMMISSIONER MASS: Yes.

24 CHAIRMAN WINNER: Commissioner Mass? Okay.
25 George, thank you --

1 MR. HAINES: Thank you.

2 CHAIRMAN WINNER: -- and good luck.

3 And is there a motion to adjourn? Hold it.

4 Doctor?

5 DR. ARTHUR: After -- I think the Executive
6 Director forgot to mention this. After six years of angst,
7 third-party Lasix started on December 26th. And the fact
8 that you haven't heard much whining and complaining, it's
9 gone very well. I've actually --

10 CHAIRMAN WINNER: You want to introduce yourself,
11 Rick?

12 DR. ARTHUR: Dr. Arthur, Equine Medical Director.

13 CHAIRMAN WINNER: Good. Thank you.

14 DR. ARTHUR: That I've even had veterinarians tell
15 me they didn't realize how good their life would be without
16 giving Lasix every half hour. So anyway, things are going
17 very well.

18 CHAIRMAN WINNER: Thank you. And I get my bills
19 now for the third party, so I knew that it was taking place.
20 All right. Thank you, Rick.

21 Motion to adjourn?

22 COMMISSIONER CHOPER: Move.

23 CHAIRMAN WINNER: Commissioner Choper moves, so he
24 can catch a plane.

25 COMMISSIONER RUANO: Second.

1 CHAIRMAN WINNER: Commissioner Ruano seconds. All
2 in favor?

3 ALL COMMISSIONERS: Aye.

4 CHAIRMAN WINNER: We are adjourned. I don't think
5 we have an executive session today.

6 EXECUTIVE DIRECTOR BAEDEKER: No.

7 CHAIRMAN WINNER: Okay. Thank you all very, very
8 much. See you in February.

9 (The meeting of the California Horse Racing Board adjourned
10 into Closed Session at 11:10 a.m.)

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CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 29st day of January, 2018.



MARTHA L. NELSON, CERT**367

CERTIFICATE OF TRANSCRIBER

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

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

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



MARTHA L. NELSON, CERT**367

January 29, 2018