

APPEARANCES

COMMITTEE MEMBERS

Chuck Winner, Chair

Madeline Auerbach, Vice Chair

Araceli Ruano, Commissioner

Fred Mass, Commissioner

STAFF

Rick Baedeker, Executive Director

Jacqueline Wagner, Assistant Executive Director

John McDonough, Chief Counsel

Robert Brodnick, Staff Counsel

Mike Marten, Associate Analyst

ALSO PRESENT

Kim Lloyd, Barretts Sales

John Valenzuela, Pari-Mutuel Employees Local 280

Josh Rubenstein, Del Mar Thoroughbred Club

Jack Liebau, Los Alamitos Race Course

Scott Daruty, Golden Gate Fields

Eric Sindler, Golden Gate Fields

Larry Swartzlander, California Association of Racing Fairs

Becky Bartling, Sonoma County Fair

Greg Avioli, Thoroughbred Owners of California

APPEARANCES

ALSO PRESENT

Dana Stoehr, San Mateo Jockey Club

James Fetter, San Mateo Jockey Club

Robert Gunderson, San Mateo Jockey Club

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Closed Session: For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code. 1

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

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

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- C. The Board may convene a Closed Session for the purposes of considering personnel matters as authorized by Government Code section 11126 (a).
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P R O C E E D I N G S

9:28 A.M.

LOS ALAMITOS, CALIFORNIA, THURSDAY, JULY 12, 2018

CHAIRMAN WINNER: Ladies and Gentlemen, this meeting of the California Horse Racing Board will come to order. Please take your seats, at least temporarily.

This is the regular noticed meeting of the California Horse Racing Board on Thursday, July 12th, 2018 at the Los Alamitos Race Course, 4961 Katella Avenue, Los Alamitos, California.

Present at today's meeting are: myself, Chuck Winner, Chairman; Madeline Auerbach, Vice Chair; Fred Mass, Commissioner; Araceli Ruano, Commissioner.

Madeline Auerbach, Vice Chair; did I say that?

VICE CHAIR AUERBACH: Yeah.

CHAIRMAN WINNER: Okay.

VICE CHAIR AUERBACH: I'm here twice.

CHAIRMAN WINNER: Okay.

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 a public comment period if the matter concerns horse racing in California.

1 In order to ensure all individuals have an
2 opportunity to speak and the meeting proceeds in a timely
3 fashion, I'll strictly enforce the three-minute time limit
4 rule for each speaker. The three-minute time limit will be
5 enforced during discussion of all matters as stated on the
6 agenda, as well as during the public comment period.

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

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

20 When all the names have been called I'll ask if
21 there's anyone else who would like to speak on the matter
22 before the Board. Also, the Board may ask questions of
23 individuals who speak on any matter. If a speaker repeats
24 himself or herself, I'll ask if the speaker has anything
25 more to say. If they do not the speaker will be asked to

1 let others make comments to the Board.

2 At this point the Board will adjourn to -- we'll
3 move to Executive Session. And I'm guessing it should take
4 30 minutes to 45 minutes, maybe a little longer, and then we
5 will reconvene at that point.

6 Thank you.

7 (Off the record at 9:31 a.m.)

8 (On the record at 10:24 a.m.)

9 CHAIRMAN WINNER: Thank you very much everyone for
10 your patience. We will now proceed with the Executive
11 Director's Report, if he's not leaving. He's back.

12 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.
13 Chairman.

14 The California Horse Racing Board and the Del Mar
15 Thoroughbred Club will continue to employ and even expand
16 the rigorous examination procedures from last year. There
17 are some changes that we started last year that will be
18 place again this year. There will be a CHRB Official
19 Veterinarian at Del Mar seven days a week, including dark
20 days. On big days, such as opening day and Pacific Classic,
21 there will be two CHRB Official Veterinarians on duty. This
22 will, of course, be in addition to the track veterinarians
23 employed by Del Mar. There will also be a CHRB Safety
24 Steward at Del Mar seven days a week. On dark days the
25 safety steward will be at the track during the morning

1 training. And there will be as many as three examining
2 veterinarians on busy days.

3 We will continue the practice of requiring
4 enhanced examinations for horses with previous exam history
5 concerns or other concerns, which may be conducted pre-
6 and/or post-race.

7 As we have done cooperatively with Santa Anita
8 this year, official veterinarian, examining -- and examining
9 veterinarians will be examining horses that are four years
10 old and older and are also non-starters, as well as horses
11 that are off for over 120 days prior to entry. This is the
12 program that Dr. Arthur implemented, with the help of the
13 Jockey Club and Encompass Systems and the Del Mar
14 Thoroughbred Club last summer at this time.

15 When they implemented this program a year ago we
16 were not sure how it would be received by the trainers. But
17 after a short time the trainers embraced it. And they
18 continued to do so, as was the case with management at Santa
19 Anita.

20 And so if I may, I'd like to actually talk about
21 some good news --

22 CHAIRMAN WINNER: Please.

23 EXECUTIVE DIRECTOR BAEDEKER: -- in this context.

24 CHAIRMAN WINNER: We look forward to that.

25 EXECUTIVE DIRECTOR BAEDEKER: Since the beginning

1 of the calendar year, continuing this program through Santa
2 Anita, for racing and training only, this doesn't include
3 horses that were lost for non-racing or training reasons,
4 but for racing and training only, for racing we have seen a
5 46 percent reduction in fatalities through the end of June.

6 For training, we have seen a 33 percent reduction in
7 fatalities through the end of June. Together that's a 36
8 percent decrease or improvement in the protection and safety
9 of our horses. That's the one thing, I think, we all come
10 together in support of, so I thought that it would be worth
11 sharing that data.

12 I've also got good news relative to the business.
13 It, of course, helps to have a Triple Crown. And as a
14 result, we've got some very impressive numbers for June. We
15 did have two additional race days during the daytime in
16 California, same number of night programs. But as a result,
17 daytime business was up 21 percent, nighttime business up 7
18 percent, all in for June, up 19 percent.

19 And the year-to-date numbers continue very strong,
20 daytime up 11.2 percent, nighttime up 3.5 percent, all in up
21 10.3 percent for the year.

22 Now, of course, we do understand that these
23 numbers will run into a bit of a tough patch when we get to
24 Breeders' Cup time. Last year we had Breeders' Cup, this
25 year we won't, so let's enjoy for them now.

1 We have two-end-of-meet reports. The Watch and
2 Wager Harness meet ended up just down about five percent.
3 They did, however, show gains in their import wagering,
4 wagering in interstate imports and international imports.

5 The numbers were very impressive at Golden Gate.
6 They actually had four fewer race days than last year.
7 Total handle, everything counted, was up just under nine
8 percent, but the average daily handle, counting everything,
9 was up 13.45 percent. And the product became very popular
10 out of state. Average out-of-state wagering on Golden Gate,
11 so this is average daily, was up 37 percent. And the live
12 product was also very popular, up 30.85 percent. And they
13 showed a gain in average starters in event going from 6.47
14 last year to 6.77 this year.

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

16 CHAIRMAN WINNER: Thank you very much. And I want
17 to -- I really do want to thank everyone who has been
18 involved on this whole issue of the safety of the horses
19 and, obviously, the tracks and the trainers, the jocks and
20 the owners, and the vets, everybody who was involved in the
21 process. When we see numbers like this, it's very
22 encouraging. Obviously, we always want to do better and we
23 will do better, hopefully. But a lot of people put a lot of
24 time and effort and money into making this -- into making
25 racing safer and it is paying off, and this Board really

1 appreciates it.

2 Let's go on then to public comment period. Kim
3 Lloyd.

4 Kim, do you want to discuss the Paddock Sale
5 and --

6 MR. LLOYD: All that.

7 CHAIRMAN WINNER: -- what's happening?

8 MR. LLOYD: Kim Lloyd, General Manager of
9 Barretts. I just wanted to give everybody an update on the
10 sales for the rest of the year, especially the Paddock Sale.

11 Fairplex released -- I had a press release
12 yesterday. I going to just read this off for everybody.

13 "Barretts Sales Moves July Auction to October,"
14 that's the title.

15 "Barretts Sales, a full-service equine sales company
16 owned by Fairplex is moving its July 25th Paddock Sale
17 at Del Mar to October. The Paddock Sale will now be
18 part of the October 16th auction at Fairplex in Pomona.

19 The fall sale will include yearlings, mixed, and
20 horses of racing age. The August Select Yearling Sale
21 will continue in Del Mar August 28th as scheduled."

22 So that's the update that we have.

23 CHAIRMAN WINNER: Thank you.

24 VICE CHAIR AUERBACH: Kim? Kim?

25 CHAIRMAN WINNER: Kim, come back.

1 VICE CHAIR AUERBACH: I'm sorry. Can you give us
2 some idea why this was done?

3 MR. LLOYD: Fairplex did it for strictly a cost-
4 saving measure. That was their reasoning with me and that's
5 what I was told.

6 VICE CHAIR AUERBACH: Okay. I am concerned about
7 the sales, obviously. I know what your schedule is for
8 Barretts. And I'm concerned for the breeders in the state.

9 And I'm concerned for people who are bringing in horses.

10 So I just want to put it on the record that I
11 would anticipate that Pomona and the management I the Los
12 Angeles County Fair system will guarantee us that those next
13 two sales will go through as scheduled, because any more
14 postponements or hitches can't be tolerated by the industry
15 or by any of us.

16 So if you could pass along the message, I hope
17 it's not going to be a big surprise to anybody that -- I
18 can't speak for anybody else, I'm just speaking for myself,
19 that I'm concerned about the sales and I want to be
20 reassured. I know what your power is, but I know what their
21 power is. I want to be reassured that those two sales that
22 are scheduled will go off as originally planned.

23 MR. LLOYD: They have assured me they will, but I
24 agree with you, Ms. Auerbach. I definitely think that we
25 need to have a further communication to ensure the future of

1 these two sales.

2 VICE CHAIR AUERBACH: Okay.

3 MR. LLOYD: Okay.

4 VICE CHAIR AUERBACH: Thank you.

5 MR. LLOYD: Thank you.

6 CHAIRMAN WINNER: Thank you, Kim.

7 John Valenzuela.

8 (Colloquy between Chairman Winner and

9 Vice Chair Auerbach)

10 MR. VALENZUELA: Good morning, Ladies and
11 Gentlemen, Executive Director, Chairman and Commissioners.

12 My name is John Valenzuela, President of Local 280
13 throughout the whole state of California. I'd like to bring
14 a report to the CHRB.

15 Local 280, we are still in negotiations and we
16 have bargained in good faith. We have met with the employer
17 several times and we have two more scheduled dates to
18 bargain before opening day at Del Mar, which is the day our
19 contract expires.

20 I want to bring it to your attention that we are
21 apart on the issues of jobs. The employer wants to
22 eliminate a large amount of jobs, as much as 20 percent. I
23 can't take that to my members, as they just won't go for it.

24 I also want to tell you that Local 280 does
25 support the continuation of the NCOTWINC system and

1 operations as status quo, as it is in the past, because we
2 believe it's what's good for the industry.

3 Thank you.

4 CHAIRMAN WINNER: Thank you, John.

5 Any questions for John?

6 Josh, do you want to turn in a card? Just give it
7 to me and save Mike a trip. Thank you.

8 MR. RUBENSTEIN: Josh Rubenstein, Del Mar and
9 SCOTWINC.

10 We remain in good-faith negotiations with Local
11 280, as Mr. Valenzuela referenced. We have been in
12 negotiations for the better part of six weeks. We remain
13 optimistic that a new agreement can be reached. The
14 existing agreement expires on July 19th, 2018. And we'll
15 continue to update the Board on these negotiations.

16 Thank you.

17 CHAIRMAN WINNER: Thank you, Josh.

18 MR. RUBENSTEIN: Any questions?

19 CHAIRMAN WINNER: Thank you. Good luck to all of
20 you and all of us.

21 All right, moving right along, is there anybody
22 else who wants to speak during the public comment period?

23 All right, we'll move on to item number three,
24 discussion and action by the Board on the Application for
25 License to Conduct a Horse Racing Meeting of the Los Angeles

1 County Fair at Los Alamitos, commencing September 5 through
2 September 25, 2018, inclusive.

3 My understanding, Jackie, is that we have not --
4 we now have all of the documents in hand that were
5 outstanding?

6 MS. WAGNER: That is correct.

7 CHAIRMAN WINNER: And let me just point out that
8 typically if they come in just before a meeting, then we
9 move the agenda item to the following meeting. But in this
10 case since we moved the meeting forward from when it was
11 originally scheduled, we're going to go ahead and hear this
12 application.

13 So, Jack, you're on.

14 MR. LIEBAU: Thank you. We understand the Board's
15 position. And there just happen to be a lot of things on
16 the table for all of us. And the meeting was shortened up,
17 I think, a few days. And we understand that if it happens
18 in the future, that it will be postponed.

19 CHAIRMAN WINNER: Thank you.

20 MR. LIEBAU: We request that the application be
21 approved. I have Kim Lloyd here representing the Los
22 Angeles County Fair. I have our Marketing Director here if
23 you have any questions. The stakes' schedule is what its
24 historically been. We have the two Barretts' races and the
25 Beverly Lewis race. And the marketing plan has some

1 coordination with cross-marketing with the fair.

2 CHAIRMAN WINNER: Thank you. Any questions of
3 Jack? No questions. Is there a motion to approve?

4 COMMISSIONER MASS: So moved.

5 CHAIRMAN WINNER: Commissioner Mass moves to
6 approve.

7 CHAIRMAN WINNER: Commissioner --

8 COMMISSIONER RUANO: Second.

9 CHAIRMAN WINNER: -- Ruano seconds.
10 Commissioner Mass?

11 COMMISSIONER MASS: Yes.

12 CHAIRMAN WINNER: Chairman votes yes.

13 Vice Chair?

14 VICE CHAIR AUERBACH: Yes.

15 CHAIRMAN WINNER: And Commissioner Ruano?

16 COMMISSIONER RUANO: Yes.

17 CHAIRMAN WINNER: You vote yes, Commissioner?

18 COMMISSIONER RUANO: Yes.

19 CHAIRMAN WINNER: Yes. Okay. The motion carries
20 four to nothing.

21 Have a great meet, Jack.

22 Moving on to item number four, discussion and
23 action by the Board regarding the proposed amendment to the
24 CHRB Rule 1632, Jockey Riding Fee, to adjust the jockey
25 riding fee scale pursuant to Business and Professions Code

1 19501.

2 Has this, the 45-day period, concluded?

3 VICE CHAIR AUERBACH: No. This is the stuff we do
4 every year.

5 EXECUTIVE DIRECTOR BAEDEKER: This is to send it
6 out for 45 days.

7 CHAIRMAN WINNER: Oh, this is to send it out for
8 45 days?

9 VICE CHAIR AUERBACH: We do it every year.

10 CHAIRMAN WINNER: Okay. Okay, is there any
11 discussion on this item? No discussion. Is there a motion?

12 VICE CHAIR AUERBACH: So moved.

13 CHAIRMAN WINNER: Commissioner Auerbach moves.

14 COMMISSIONER MASS: Second.

15 CHAIRMAN WINNER: Commissioner Mass seconds.

16 Commissioner Ruano?

17 COMMISSIONER RUANO: Yes.

18 CHAIRMAN WINNER: Commissioner Auerbach?

19 VICE CHAIR AUERBACH: Yes.

20 CHAIRMAN WINNER: Chairman votes yes.

21 Commissioner Mass?

22 COMMISSIONER MASS: Yes.

23 CHAIRMAN WINNER: Yes. So this motion is to
24 initiate the 45-day comment period regarding the proposed
25 amendment.

1 Okay, let's go on to item number five, discussion
2 and action by the Board regarding the status of outstanding
3 items from the Application for License to Conduct a Horse
4 Racing Meeting of the Pacific Racing Association II at
5 Golden Gate Fields, commencing August 22nd, 2018 through
6 October 2nd, 2018, inclusive, which was approved at the June
7 21st, 2018 regular meeting of the Board, contingent upon the
8 receipt of outstanding item.

9 As of July 2nd, which was the cutoff date, those
10 items had not been received. So we are now hearing this
11 item, this matter, again.

12 Rob, are you going to speak on this? And then I
13 have a bunch of cards, as well.

14 MR. BRODNICK: Yes. Thank you, Chairman. Robert
15 Brodnick, California Horse Racing Board.

16 Just to reiterate what you said, that is the
17 status currently. And it would seem appropriate to turn it
18 over to the members to hear if there's any updates.

19 CHAIRMAN WINNER: Okay. Thank you. Yeah.

20 Yeah, I think it would be a good idea, Scott, if
21 you and Eric came forward, and then let's get Greg up here,
22 and Larry Swartzlander, if we can, and Becky.

23 Is Becky here?

24 EXECUTIVE DIRECTOR BAEDEKER: She is.

25 CHAIRMAN WINNER: Why doesn't everybody come up

1 and we can try to go through this pretty quickly, hopefully.

2 Scott, do you want to start?

3 MR. DARUTY: Sure. Good morning. Scott Daruty on
4 behalf of Golden Gate Fields. I'm joined by Eric Sindler on
5 behalf of Golden Gate Fields, as well.

6 I would like to start by reiterating our position
7 that we respectfully believe that California law does not
8 allow for the conditions that you imposed upon our license.

9 As you are aware, there is pending litigation, so that
10 hopefully we can all get some clarity from a judge.

11 In the meantime, we have told you, and I reiterate
12 here today, that we are willing to live by the conditions
13 you've imposed because you our regulatory. And until a
14 court says otherwise, that's something we have to follow.
15 We want to make every effort to run our fall or our, I
16 should say, late summer meet starting in August. And so we
17 have made an effort to put in place the agreements that you
18 have conditioned our license upon.

19 And specifically you said we had to have a license
20 with each satellite location or the fair operating each
21 satellite location. We do have a signed agreement with the
22 Sonoma County Fairgrounds for them to act as a satellite
23 location during our meet.

24 We had been engaged in weeks of discussions with
25 CARF, who represents the other fairgrounds that operate as

1 satellites during our meet. While we don't have a signed
2 agreement with them, we did work all the way up through this
3 morning and believe we have an agreement in principle. We
4 have a document that I think is 99 percent reflective of
5 what the final document will be. However, we were asked to
6 make some changes to accommodate CARF's request to clarify
7 some things and we've agreed to do that.

8 I'll let Larry speak, you know, as to the process
9 from his side, but I think from my side, I feel confident
10 that we have met the requirement that you put on our
11 condition, albeit a bit late.

12 CHAIRMAN WINNER: Thank you.

13 Larry?

14 MR. SWARTZLANDER: Larry Swartzlander, Executive
15 Director of CARF.

16 Just to capsule where we're at, you know, I'll
17 be very frank that, you know, we addressed the specific
18 issues that we had with this particular agreement over the
19 summer, but these particular issues are something that are
20 going to resurface again for the fall meet. This solution,
21 that we're coming up with this agreement, I'll use the term,
22 kicking the can down the road again.

23 We had issues over several -- the big thing
24 evolves around labor with 280, who is going to be
25 responsible for the labor on the fairs during this meet in

1 the summer. Currently, NCOTWINC is doing that for the
2 fairs. And our concern was that in the agreement that they
3 put forth, everything was left open as far as class action
4 suits by the union, pension liabilities, operational
5 liabilities, and union negotiations. That was all being
6 imposed upon the satellites themselves and it's
7 unacceptable.

8 Basically, what we've agreed to here is that all
9 these particular issues will be addressed specifically in
10 the agreement, that the Golden Gate Fields is responsible
11 for each one of these areas, except in the facet of dealing
12 with the SEIU 280. We currently have NCOTWINC, SCOTWINC,
13 Del Mar, Los Alamitos dealing with 280. So NCOTWINC will
14 still remain in place, part of the agreement, and represent
15 the mutuel clerks during the meets. It satisfies the
16 liability issues. And we had to look at the verbiage that
17 Scott's going to provide us, and we'll take it back to the
18 Board.

19 But as I pointed out to Scott again, you know,
20 this is not a solution. This is something that we can make
21 it work for the summer. It's short fused, but in 20 days
22 we're going to be in front of you again where we're going to
23 do that.

24 I will take this back to my Board. I need 72
25 hours. I've tentatively set up a meeting for Tuesday. I

1 will recommend to the Board that at least we have satisfied
2 our concerns over the liabilities, but there still is the
3 decision of the CARF Board.

4 CHAIRMAN WINNER: Thank you, Larry.

5 Becky?

6 MS. BARTLING: I just -- we had some good
7 negotiations with Golden Gate and we came to, I think, what
8 was a fair agreement. And we wanted to follow what your
9 direction was to them as far as creating an agreement
10 between us and Golden Gate directly, and I think both of us
11 did a pretty good job doing that.

12 So my Board gave me approval prior to make that
13 arrangement and we're happy that it's done.

14 CHAIRMAN WINNER: Thank you very much.

15 Greg?

16 MR. AVIOLI: Greg Avioli, TOC. I guess good news
17 and bad news.

18 It looks like we have a deal, you know, the art of
19 the compromise. The TOC believes that we are not in a
20 position to make the horses leave Golden Gate. And this is,
21 basically, the best deal that could be cut.

22 We are disappointed, though, as a part of this
23 deal is that the Stronach Group is going to negotiate on its
24 own going forward in the labor in the north and the south.
25 So you're going to have NCOTWINC and SCOTWINC and CARF and

1 Del Mar and Los Al and the TOC, but the Stronach Group is
2 going to negotiate their own deal. And I think it makes it
3 very, very difficult for us to get a labor deal. And it
4 just throws another wrench in an already complex
5 negotiation, but we're going to do our best. And we do
6 support the deal as the best alternative, a bunch of -- you
7 know, in the midst of a bunch of not great alternatives.

8 CHAIRMAN WINNER: Thank you very much.

9 Obviously, I -- and I know we have other people
10 who want to speak on it. I just want to say that I
11 recognize, this is not a perfect solution. Whenever there
12 are disagreements, you're never going to get a perfect
13 solution that's going to satisfy everybody. It's never
14 going to happen.

15 As to the whole labor issue, obviously that's not
16 something that's under our jurisdiction with respect to the
17 negotiations between the various parties and SEIU 280.

18 With respect to kicking the can down the road, the
19 objective here, I think you'll agree, Larry, was to try to
20 make sure that this meet, this summer meet was run, is going
21 to be run. And I just want to say that I appreciate all of
22 you for the work that you've done and the fact that you've
23 done it in a collegial manner. And hopefully as we go
24 forward, some of these other issues can be resolved in a
25 similar manner. Because when we come together and work

1 together, we achieve a lot more than when we work in
2 opposition to one another.

3 So again, thank you all for doing what you've
4 done.

5 Let me call on the other people who have submitted
6 cards, and then we'll come to a motion following that.

7 VICE CHAIR AUERBACH: Well, before we hear from
8 the public --

9 CHAIRMAN WINNER: Yeah, please.

10 VICE CHAIR AUERBACH: -- let me find out, can we
11 know what the agreement is?

12 CHAIRMAN WINNER: I know. Well, we can.

13 VICE CHAIR AUERBACH: Yeah. I mean, I, you know,
14 I'm glad that you've come to this, but I have no idea what
15 we're talking about, so maybe we could share that with us,
16 please?

17 MR. DARUTY: This is Scott Daruty. I'd be happy
18 to address that question.

19 There historically have been three parties
20 involved in simulcasting in Northern California. The first
21 party is the host, so in this case it would be Golden Gate
22 running the live racing during our meet. There would be the
23 satellite locations, which, as you know, are at fairgrounds
24 located in Northern California. And then the third party
25 has been NCOTWINC, which was the actual employer of the

1 mutuel parties, is the party that does a lot of the function
2 of the operation. So those three parties, there has
3 traditionally been an agreement between the host and
4 NCOTWINC, and then a separate agreement between the guest
5 and NCOTWINC. So all of these entities were linked by two
6 agreements, with the host being in the center, so to speak.

7 The structure that we have arrived at now, the
8 same three parties are involved. And there still is a
9 contract between NCOTWINC and the guest locations, as there
10 has always been. The difference is that now there is not a
11 contract between Golden Gate Fields and NCOTWINC, rather,
12 there's a contract between Golden Gate Fields and the
13 satellites, which was the condition that was imposed on our
14 license at the last meeting.

15 So you still have the same three parties, they're
16 still linked by two contacts, it's just one of the contracts
17 is now different.

18 VICE CHAIR AUERBACH: It's structured a little
19 differently? Okay.

20 And one other quick question before we have
21 general speakers. The TOC is okay with what has happened?
22 Have you signed the agreement? You have to sign off on the
23 agreement, and I want to make sure that that's done.

24 MR. AVIOLI: Well -- Greg Avioli, TOC.

25 I think there's two things we have to sign. We're

1 going to have to sign a horsemen's agreement that
2 contemplates this --

3 VICE CHAIR AUERBACH: Right.

4 MR. AVIOLI: -- and we expect we will. And there
5 will need to be a modification of the agreement that
6 NCOTWINC has with the satellites. And the TOC, as a 50
7 percent shareholder in NCOTWINC, agreed in principle with
8 Larry that we would both exercise our votes to sign that. So
9 we will --

10 VICE CHAIR AUERBACH: Okay.

11 MR. AVIOLI: -- sign what we need to sign.

12 VICE CHAIR AUERBACH: All right. That's --

13 CHAIRMAN WINNER: It was my understanding, and you
14 are confirming that, that the TOC will sign, that both of
15 those contracts will be signed, and that the only
16 outstanding matter, again, just to clarify, the only
17 outstanding matter is that Larry has to get the approval of
18 his Board, and he has to give 72 hours; is that correct?
19 Okay.

20 VICE CHAIR AUERBACH: And I'm sure that they're
21 going to want to do what's in the best interest of racing,
22 so we trust you, if we pass this, to get it done.

23 CHAIRMAN WINNER: Let us --

24 VICE CHAIR AUERBACH: No pressure.

25 CHAIRMAN WINNER: -- let us call on the other

1 people. And if you folks would just stay there, it might be
2 helpful because there might be some questions that you could
3 answer.

4 Dana Stoehr, CEO, San Mateo Jockey Club.

5 MS. STOEHR: Good morning, Mr. Baedeker, honorable
6 Members of the California Horse Racing Board. I spoke at
7 the last meeting and talked to you about some of the impacts
8 that this is having on my employees.

9 Today, I have a couple of things. I would like to
10 submit to you a petition of over 400 of our patrons that was
11 taken over the last week.

12 And again, representing the most financially
13 successful Jockey Club and off-track betting facility in
14 Northern California, you all have a difficult decision
15 before you on what the best interest of racing is. But I
16 ask you to consider the most important issue, the faithful
17 patrons that not only come to San Mateo, but the hundreds
18 more who visit off-track betting facilities throughout
19 Northern California.

20 The tactics of the Stronach Group that they've
21 used in such an untimely manner is simply a detriment to the
22 industry, the patrons, the employees, and the dedicated
23 thoroughbred owners who race in California. Seeking
24 compromise and solution within reasonable time periods will
25 result in viable solutions.

1 I've been involved in the racing industry for
2 about 20 years. I have to tell you, it's with sadness that
3 I've watched the horse racing industry decline. I ask this
4 Board to set forth strategic planning required between the
5 fairs, the private tracks, to create as much long-time
6 viability and stability we can for the industry, for the
7 patrons.

8 We should all be reporting to you at every meeting
9 what we're doing to work together so that we don't have
10 these emergency -- you know, this is a pattern, this has
11 been consistent. It happens over and over and over again.
12 It's not good. It's not good for the owners. It's not good
13 for the patrons. It's not good for the employees. I
14 implore this Board to set forth some policies that are
15 expected of us. And shame on all of us for not engaging
16 more in the best interest of racing, but this has to be
17 done.

18 So I will respectfully submit the petitions to you
19 from our patrons and hope that we can all come together in
20 the best interest of horse racing.

21 CHAIRMAN WINNER: Thank you very much. And I just
22 want to tell you that I agree. I really hope that we can
23 all come together in the best interest of racing long term.
24 And I agree that we shouldn't have to go through these
25 things on a case-by-case basis, that we have some policies

1 in place that can avoid it.

2 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, just a
3 note to talk about the importance of the San Mateo site. I'm
4 looking at the financials through the month of June. The
5 San Mateo site is the third largest in the state, by far the
6 biggest in the north. It's third behind Hollywood Park and
7 Los Alamitos. It handles more, for instance, than Fairplex.
8 So it's a big, a very important part of the business
9 throughout the entire state.

10 CHAIRMAN WINNER: Thank you.

11 James Fetter, San Mateo County Event Center Jockey
12 Club.

13 MR. FETTER: Hi. My name is James Fetter.

14 I spent 28 years or so at Bay Meadows before
15 moving on to the Jockey Club. I remember that first
16 simulcast when I had to switch an A/V switch, an old
17 mechanical A/V switch to go over to that stake's race from
18 Santa Anita, so I've seen it kind of from the beginning.

19 But this kind of felt like a shot across the bow
20 between allies. I don't quite know why it went from where
21 we were to where we got without any intervention, any
22 discussions in between. It was kind of unexpected. There
23 are places where everybody can streamline a bit and make
24 costs -- make the business more efficient, but it just
25 seemed like an extreme action. It caught us by surprise.

1 But really, I agree with Dana about our existing
2 patrons. Simulcast facilities aren't growing as we would
3 all like, but it's a core audience that's really fundamental
4 to horse racing. I mean, that's why we all have jobs, is
5 because of the patrons. It's an interesting bunch of
6 people. It's an eclectic bunch of people.

7 But if you look at the handle at Golden Gate,
8 which was just -- I mean, at San Mateo, excuse me, look at
9 our Triple Crown numbers, and they are impressive. There's
10 a lot of people who prefer coming to a simulcast for a
11 variety of reasons. There's a lot of money at a simulcast
12 facility that goes into the industry. It's important. And
13 it's not just the guys who come in and make large bets on
14 big races. It's the everyday patrons. It's those guys that
15 come in and sit at the same place every day and bet their
16 \$200 or \$300 days every day. That's really fundamental to
17 the health of this business.

18 And I don't know what -- we're all talking about
19 kicking the can down the road and I think that's true, but
20 where's the road going? Where is our destination in all
21 this; to keep the industry viable? I think if that's the
22 case, we ought to be working together a little bit better,
23 rather than just having these kind of -- you know, the host
24 track doesn't want simulcast facilities.

25 So I don't know what the endgame is here. Does it

1 have anything to do with the sports betting laws that might
2 be coming in? Are they -- you know, is it trying to get
3 people to move over to ADW so they can get a larger
4 percentage of the wagering dollar? It's just interesting.
5 What's the ultimate goal of both us, as a simulcast
6 facility, and the host track?

7 Okay, thank you. That's all.

8 CHAIRMAN WINNER: Any questions?

9 Thank you.

10 Robert Gunderson, San Mateo Jockey Club, Employee.

11 MR. GUNDERSON: Good morning. How do you do?

12 Robert Gunderson. I've worked in the horse racing industry
13 now for 46 years. I started at Bay Meadows in 1972 and
14 worked there until the day they closed in 2008. Since then,
15 I've been working at the Jockey Club.

16 I'd like to speak on behalf of our patrons and
17 newcomers to the sport of horse racing.

18 The Stronach Group moved to eliminate simulcast
19 wagering as we know it in Northern California. Horse racing
20 is a very social sport, which requires a brick-and-mortar
21 meeting place, such as ours. Our fan base is Asian.
22 Facilities such as ours provide an environment for the
23 patrons, can share races together, share information, enjoy
24 the company of others. People come to our facilities, cash
25 in hand, to try to make a little money while having fun in

1 the process. Many of these people share information and
2 wagers with one another, adding to the fun and excitement.

3 Even though there is a proliferation of mobile
4 devices and computers, not all betters and potential betters
5 are capable or interested in sitting at a computer terminal
6 to make wagers. Many people play races day by day and
7 parlay their winnings as they progress.

8 On major race days, such as a Triple Crown,
9 Breeders' Cup, we see many newcomers who have never made a
10 wager on a horse race. There are always people happy to
11 help them, from staff to patrons. Also, they get wrapped up
12 in the excitement of horse racing, even though they're
13 cheering at a video screen.

14 Pacific Racing Association's filing against the
15 California Horse Racing Board, they made emphasis on the
16 word may. But in the request they neglected to state, to --
17 pardon me, I don't speak publicly often. What they failed
18 to point out was that the California Horse Racing Board may
19 grant a racing license, providing the conditions set forth
20 by the Board are met.

21 Thank you.

22 CHAIRMAN WINNER: Thank you.

23 Any questions?

24 All right, is there anything else anybody would
25 like to add who's at the table, or anybody in the audience?

1 Oh, I'm sorry, John. I apologize, John. John
2 Valenzuela, Local 280.

3 MR. VALENZUELA: Hello. John Valenzuela,
4 President of Local 280 of California. There's a question
5 that I wanted to have clarity.

6 Local 280 wants to know, who is the employer here?
7 The question comes to, which is quite important here, from
8 my understanding the host is the one that's asking for the
9 racing dates. They're the runs that are going to run the
10 meet. They are considered the employer.

11 Local 280 looks at NCOTWINC and SCOTWINC as the
12 operator and they are handling payroll, and then the
13 satellites are guests. But we want to make -- we want to
14 hear, basically, we want clarity who the employer is. And
15 the reason why is because it's the responsibility of
16 pensions contributions and anything else of the liabilities
17 that play with labor, because that is going to create a lot
18 of problems. It's already created problems for us here in
19 the past, especially when it comes to unfunded liabilities.

20 CHAIRMAN WINNER: Does anybody on the panel want
21 to answer that question?

22 MR. SWARTZLANDER: This is my interpretation, and
23 there will certainly be some discussions in the next couple
24 days, that the employees, the mutual clerks, are still
25 employees of NCOTWINC. They always have been. That will

1 not change.

2 What John's alluding to is as to the liabilities,
3 and that's what we're specifically pointing out in this
4 agreement, that all liabilities that would come out, class
5 action suits, pension liability issues, were specifically
6 addressed in the agreement that they are liable, so NCOTWINC
7 would simply pass them on to Golden Gate Fields.

8 MR. AVIOLI: This is Greg Avioli, TOC.

9 Believe it or not, that's not a simple question. I
10 spent maybe three hours with a pretty talented attorney a
11 couple of days ago going through that. And it's a question
12 that we all have to figure out as part of a bunch of things
13 going forward, who is the employer?

14 The interpretation that we have is slightly
15 different than what Larry said. It's that there are
16 multiple employers, so when a bet is made at a satellite,
17 like San Mateo, then NCOTWINC would be the employer. But
18 when a bet is made at Golden Gate, the teller at Golden Gate
19 would be an employee of Golden Gate. So think of NCOTWINC
20 as the employer of the satellite labor and Golden Gate as
21 the employer of the on-track.

22 Where it gets complicated, and one of the many
23 ways it gets complicated, is historically NCOTWINC has
24 handled the payroll, and so the checks are coming from
25 NCOTWINC to all of those employees, regardless of where they

1 work, then subsequently the racetracks reimburse NCOTWINC of
2 the cost.

3 So you can see how it's complex. I don't think
4 you're going to get a final answer today.

5 CHAIRMAN WINNER: Right. Let me just said this,
6 that as a part of this race dates license, this issue, in
7 essence, with respect to the future and the kinds of things
8 that have been discussed with respect to labor are not --
9 well, if passed, would not be a part of the license
10 agreement. The license agreement would be for the
11 conducting of a horse racing meet.

12 These labor discussions are obviously important
13 and point out how complex all of these discussions and
14 decisions are. And one of the reasons that I go back again
15 and thank all the participants for collegially working out a
16 solution to a very complex problem. There are all kinds of
17 issues involved with respect to what's happened
18 historically, with respect to the future. But right now
19 what we're dealing with are the race date from August 22nd
20 to October 2nd.

21 And the other thing is, obviously, we all have to
22 get together and try to work as best we can. We will be
23 involved where we should be involved and we'll not be
24 involved where we can't be involved. And one of the things
25 we can't be involved in is labor negotiations.

1 So, John, thank you.

2 Are there any other questions for John or anybody
3 else? If not, I'm going to move. I'm going to make a
4 motion.

5 MR. VALENZUELA: Before you make a move, I would
6 like to request a copy of the -- if this agreement goes
7 forward, I would like a copy of that agreement, so that we
8 can see how it affects labor.

9 CHAIRMAN WINNER: It's a public agreement, isn't
10 it? Isn't it public record?

11 EXECUTIVE DIRECTOR BAEDEKER: Is that a public
12 record?

13 MR. DARUTY: Scott Daruty.

14 It's my opinion that that's a private agreement
15 between two parties and is not a public document.

16 VICE CHAIR AUERBACH: I thought it was three
17 parties?

18 MR. DARUTY: Well, the agreement you're -- the
19 agreement you conditioned upon is just between --

20 VICE CHAIR AUERBACH: The original one.

21 MR. DARUTY: -- the satellite and the host, so
22 it's two parties.

23 MS. BARTLING: Becky Bartling, Sonoma County
24 Fairgrounds.

25 As a public agency, any agreement that we sign is

1 subject to the Public Records Act, so it would be available
2 at request, official request.

3 CHAIRMAN WINNER: Okay. Thank you.

4 MR. VALENZUELA: Thank you.

5 CHAIRMAN WINNER: Okay. I move to approve race
6 meet license -- the race meet license to PRA II, Pacific
7 Racing Association II, for the dates of August 22nd, 2018
8 through October 2nd, 2018, conditioned upon approval of
9 satellite agreements by the CARF Board by no later than
10 Wednesday, July 18th, 2018. That is the motion. Is there a
11 second?

12 COMMISSIONER RUANO: Second.

13 CHAIRMAN WINNER: Seconded by Commissioner Ruano.

14 Any discussion? Any discussion?

15 Rob?

16 VICE CHAIR AUERBACH: You didn't finish reading
17 it. There's more.

18 CHAIRMAN WINNER: Oh, I apologize. There is more
19 language. Okay. Let's start all over.

20 I move to approve the race meet license to PRA II
21 for dates of August 22nd, 2018 through October 2nd, 2018,
22 conditioned upon approval of satellite agreements by the
23 CARF Board by Wednesday, July 18th, 2018. This motion is
24 being made as it is in the public interest and serves the
25 purpose, the best purpose of Horse Racing Law.

1 COMMISSIONER RUANO: Second again.

2 CHAIRMAN WINNER: Seconded by Commissioner Ruano.

3 COMMISSIONER MASS: Yes.

4 CHAIRMAN WINNER: Commissioner Mass votes yes.

5 Chairman votes yes.

6 Commissioner?

7 COMMISSIONER RUANO: Yes.

8 CHAIRMAN WINNER: Vice Chair Auerbach?

9 VICE CHAIR AUERBACH: Yes.

10 CHAIRMAN WINNER: Commissioner Ruano?

11 COMMISSIONER RUANO: Yes.

12 CHAIRMAN WINNER: The motion carries. Have a good

13 meet, guys.

14 MR. DARUTY: Thank you. Chairman Winner, again,

15 thank you to you and all the Board for your work on this. I

16 do have one question, if I may.

17 We are going to be back here in a month. It was

18 alluded to by Larry. We're going to be back here in a month

19 with our application for our meet, which will start in

20 October and run through the third week or so of December. I

21 know you can't -- I know it's not on the agenda and I know

22 you can't give me a formal answer, but should we expect that

23 the condition you imposed on this license will be similarly

24 imposed on that license? And I need to know that so I know

25 what we are preparing for to come to you and see you in a

1 month.

2 CHAIRMAN WINNER: Can I ask our Counsel to respond
3 to that, Rob?

4 MR. BRODNICK: This is not on the agenda, so I
5 don't think it's appropriate at this time for you to answer
6 that question.

7 CHAIRMAN WINNER: Okay.

8 MR. DARUTY: Okay. So just make sure if I show up
9 here in a month, I don't get yelled at for not having
10 something done that you wanted me to do.

11 VICE CHAIR AUERBACH: That's sport. We love to do
12 that.

13 MR. AVIOLI: Mr. Chairman?

14 CHAIRMAN WINNER: Yes?

15 MR. AVIOLI: Mr. Daruty sort of opened the door on
16 that one. Greg Avioli, TOC.

17 I should say that we -- one concern we have with
18 this agreement is that it essentially provides for 100
19 percent of the costs for this operation to be reimbursed by
20 Golden Gate, which is how we all came to agree to it. We
21 will not be supportive and we'll be disappointed if in the
22 application for the fall there's any sort of bait and switch
23 where we try to maintain the same structure without the same
24 level of reimbursement. I think it's important everyone
25 understands that.

1 VICE CHAIR AUERBACH: I certainly -- this is not
2 right.

3 CHAIRMAN WINNER: This is not on the agenda. And
4 I believe it is inappropriate for us to be discussing that.

5 VICE CHAIR AUERBACH: Right.

6 CHAIRMAN WINNER: So you guys are happy to -- I'd
7 be happy if you want to go outside and discuss it or go off
8 to the corner and discuss it amongst yourselves. But since
9 it's not on the agenda, we can't discuss it at this time.

10 MR. DARUTY: Thank you.

11 CHAIRMAN WINNER: Thank you.

12 MR. SWARTZLANDER: Larry Swartzlander. Just one
13 last comment about, again, you know, I have to take this to
14 the board. This is not 100 percent --

15 CHAIRMAN WINNER: We understand.

16 MR. SWARTZLANDER: -- we will commit.

17 CHAIRMAN WINNER: That's part of the -- that's a
18 part of the motion, Larry.

19 VICE CHAIR AUERBACH: But you know what, Larry,
20 you really -- yeah -- and we really do think in the best
21 interest of racing, we --

22 MR. SWARTZLANDER: I do.

23 VICE CHAIR AUERBACH: -- can't really think your
24 board would do anything other than confirm what's in the
25 best interest of racing.

1 CHAIRMAN WINNER: But we did put into the
2 motion --

3 MR. SWARTZLANDER: Thank you.

4 CHAIRMAN WINNER: -- so that --

5 VICE CHAIR AUERBACH: That's there.

6 CHAIRMAN WINNER: -- you have until Wednesday.
7 Thank you all very much.

8 COMMISSIONER RUANO: Wait.

9 CHAIRMAN WINNER: Thank you.

10 COMMISSIONER RUANO: Can I move to adjourn in
11 memory of Alex Solis's father, who recently passed away.

12 CHAIRMAN WINNER: We can, but we're not adjourned
13 yet.

14 COMMISSIONER RUANO: Oh, we're not.

15 VICE CHAIR AUERBACH: We're not adjourned yet.

16 COMMISSIONER RUANO: Oh.

17 VICE CHAIR AUERBACH: No.

18 COMMISSIONER RUANO: Okay. Got it.

19 VICE CHAIR AUERBACH: Unless we're all -- are we
20 not?

21 CHAIRMAN WINNER: No. Well, item number six,
22 we're going to set aside --

23 VICE CHAIR AUERBACH: That's good.

24 CHAIRMAN WINNER: -- since there's no reason to
25 have that discussion at this point.

1 VICE CHAIR AUERBACH: No. No.

2 CHAIRMAN WINNER: So now you can move --

3 VICE CHAIR AUERBACH: Now you can do it.

4 CHAIRMAN WINNER: -- to adjourned in the memory --

5 COMMISSIONER RUANO: Okay. Good.

6 CHAIRMAN WINNER: -- of Alex's father.

7 COMMISSIONER RUANO: Okay. I move to adjourn in

8 the memory of Alex Solis's father who recently passed away

9 CHAIRMAN WINNER: Thank you very much.

10 VICE CHAIR AUERBACH: Thank you.

11 CHAIRMAN WINNER: And we agree.

12 VICE CHAIR AUERBACH: That was sweet.

13 CHAIRMAN WINNER: Is there any opposition? The

14 motion carries. Thank you very much everyone.

15 (The meeting of the California Horse Racing Board

16 adjourned at 11:09 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 19th day of July, 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

July 19, 2018