

MEETING  
STATE OF CALIFORNIA  
HORSE RACING BOARD

In the Matter of:                     )  
  )  
Regular Meeting                     )  

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  )

DEL MAR SURFSIDE RACE PLACE  
DOWNSTAIRS GENERAL ADMISSION AREA  
2260 JIMMY DURANTE BOULEVARD  
DEL MAR, CALIFORNIA

THURSDAY, AUGUST 23, 2018

9:30 A.M.

Reported by:  
Elise Hicks

APPEARANCES

COMMITTEE MEMBERS

Chuck Winner, Chair

Madeline Auerbach, Vice Chair

Jesse Choper, 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

Rick Arthur, Equine Medical Director

ALSO PRESENT

John Valenzuela, Pari-Mutuel Employees Guild, Local 280

Scott Daruty, Stronach Group

Joanne Nor, Vita-Trac Wellness

Gail Matthews, Winning Hands Equine Massage Therapy

Nancy Bretzfield

Ali Nilforushan

Cliff Goodrich, California Thoroughbred Horsemen's  
Foundation

Elizabeth Morey, Thoroughbred Owners of California

Eric Sindler, Santa Anita Park

APPEARANCES

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ALSO PRESENT

Larry Swartzlander, Big Fresno Fair

Lauri King, Big Fresno Fair

Ed Cummings, Watch and Wager

Chris Schick, Watch and Wager

Robert O'Neil, Stronach Group

Mary Forney, Thoroughbred Owners of California

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| 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 |     |

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Closed Session:

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

9:28 A.M.

DEL MAR, CALIFORNIA, THURSDAY, AUGUST 23, 2018

CHAIRMAN WINNER: This meeting of the California Horse Racing Board will please come to order. Please take your seats. This is the regular noticed meeting of the California Horse Racing Board on Thursday, August 23rd, 2018 at Del Mar Thoroughbred Club, 2260 Jimmy Durante Boulevard, Del Mar, California 92014.

Present at today's meeting are: Myself, Chuck Winner, Chairman; Madeline Auerbach, Vice Chair; Jesse Choper, Commissioner; Fred Mass, 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 a public comment period if the matter concerns horse racing in the California.

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

1 on the agenda, as well as during the public comment period.

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

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

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

23           And with that, I will announce that we are going  
24 to adjourn to Executive Session. It should be a short  
25 Executive Session, I would think, no more than 20 or 30

1 minutes.

2 EXECUTIVE DIRECTOR BAEDEKER: Yes.

3 CHAIRMAN WINNER: And then we will reconvene.

4 (Off the record at 9:30 a.m.)

5 (On the record at 9:45 a.m.)

6 CHAIRMAN WINNER: All right, the meeting will come  
7 back to order.

8 First item is the approval of the minutes of the  
9 June 21, 2018 meeting. Are there any corrections or  
10 additions or deletions to the minutes? Hearing none, is  
11 there a motion to approve.

12 VICE CHAIR AUERBACH: So moved.

13 COMMISSIONER MASS: Second.

14 CHAIRMAN WINNER: Moved by Vice Chair Auerbach.  
15 Seconded by Commissioner Mass.

16 How do you vote, Commissioner Mass?

17 COMMISSIONER MASS: Yes.

18 CHAIRMAN WINNER: The Chairman votes yes.

19 Vice Chair?

20 VICE CHAIR AUERBACH: Yes.

21 CHAIRMAN WINNER: And Commissioner Choper?

22 COMMISSIONER CHOPER: Yes.

23 CHAIRMAN WINNER: Okay. That motion carries.

24 Approval of the minutes of July 12th, 2018. Are  
25 there any additions, deletions, corrections?

1 COMMISSIONER MASS: No changes.

2 CHAIRMAN WINNER: Is there a motion?

3 COMMISSIONER MASS: So moved.

4 CHAIRMAN WINNER: Commissioner Mass moves.

5 COMMISSIONER CHOPER: Second.

6 CHAIRMAN WINNER: Commissioner Choper seconds.

7 Commissioner Choper, how do you vote?

8 COMMISSIONER CHOPER: Yes.

9 CHAIRMAN WINNER: Commissioner Auerbach?

10 VICE CHAIR AUERBACH: Yes.

11 CHAIRMAN WINNER: The Chairman votes yes.

12 COMMISSIONER MASS: Yes.

13 CHAIRMAN WINNER: Commissioner Mass votes yes.

14 The minutes are approved.

15 Executive Director's Report.

16 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.

17 Chairman. I just have some end-of-meet financial reports,  
18 as well as the monthly and year to date.

19 The Alameda County Fair included its meet with 15  
20 days of racing this year, versus 11 last year, three -- or  
21 four weeks versus three. The total handle, as you would  
22 expect, was up to \$34 million versus \$29 million last year.  
23 However, the daily average dropped from \$2.6 million to  
24 \$2.3; that's a drop of about 14 percent. Their average  
25 starters per event, their field size, remained just about

1 the same, 6.53 last year to 6.47 this year.

2           The California State Fair had the same number of  
3 race days, was up. Average daily handle was up 5.49  
4 percent. The biggest lift, they're actually up on-track in  
5 ADW, and then the out-of-state wagers on Cal Expo were up  
6 significantly, 17.75 percent. They had a slight increase in  
7 field size from 5.9 to 6.04.

8           The Los Alamitos Thoroughbred Meet, 12 days this  
9 year versus 8 days last year. So we looked at the -- even  
10 though the total handle was \$43.8 million last year, up to  
11 \$68.5 million this year, the average daily handle was up  
12 4.33 percent. And their biggest single line of lift was in  
13 ADW; it showed a nice 15 percent gain. They also had a  
14 slight increase in field size from 6.8 to 6.9.

15           Then we look at the financials for July and we  
16 had -- they don't look very good because we had three fewer  
17 race days than we had last year, 22 last year versus 19 this  
18 year during the day, and one additional -- and one less race  
19 day this year at night, 13 versus 14 last year. So the hard  
20 cold facts are that the daytime business was down 13.47  
21 percent, nighttime almost level, and total, down 12.3  
22 percent. But if you do the daily average, which is a better  
23 way to compare when you have differing numbers of race days,  
24 everything was just about even. The daytime racing was  
25 \$11.8 million this year versus last. Nighttime racing was

1 up just a tick. And total was almost level, as well.

2 So the year-to-date numbers with two fewer race  
3 days this year during the day, same number at night, daytime  
4 is up 7 percent and nighttime racing is up 2.96 percent, and  
5 the total numbers are up 6.56 percent year-to-date.

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

7 CHAIRMAN WINNER: Thank you very much.

8 All right, let's go on to the public comment  
9 period, and let me start with John Valenzuela.

10 Hi John.

11 MR. VALENZUELA: Hello. Good morning. Good  
12 morning, Ladies and Gentlemen, Executive Director, Chairman,  
13 Commissioner, Staff, and the gallery. Well, my name is John  
14 Valenzuela. I'm President of Pari-Mutuel Employees Guild of  
15 California, Local 280, SEIU affiliated. I wanted to give you  
16 a report.

17 On August 20th, Local 280 and the Pacific Racing  
18 Association reached an agreement to ensure that racing will  
19 occur at the summer meet at Golden Gate Fields through  
20 October 2nd. The parties agreed to continue their current  
21 agreement in effect, with a few changes. While negotiating  
22 continues through October 2nd the parties have set aside  
23 September 10th and 11th for further negotiations.

24 There are some difficult items to resolve on a  
25 permanent basis for the remainder of the meets at Golden

1 Gate Fields, as well as the upcoming meets at Santa Anita.  
2 Those issues involve the employer's proposal to reduce the  
3 workforce by as much as 20 to 30 percent, to reduce wages by  
4 as much as 20 percent, to increase in health and welfare  
5 costs, and an uncertain promise of wage increases and other  
6 issues. Local 280 is hopeful that an agreement can be  
7 reached, but there are difficult issues ahead of us.

8 Local 280 will continue to keep the Horse Racing  
9 Board advised of the statute of -- status of negotiations.  
10 Thank you for your attention.

11 CHAIRMAN WINNER: Thank you, John. John, you've  
12 reached -- Local 280 has reached agreement with Del Mar and  
13 Los Al; is that correct?

14 MR. VALENZUELA: Local 280, as you know, that we  
15 have ordered a strike for opening day at Del Mar. We have  
16 come to an agreement with all the employers throughout the  
17 state of California, except PRA Racing Association and LATC,  
18 which is the Stronach Group. All others have agreed to  
19 similar agreements. Basically, we've agreed to everything.

20 And there was cuts at certain locations, like at the main  
21 track or the fairs. Most of them got ten percent cuts. We  
22 recognize that the nights were hurting, so we gave them as  
23 much as a 17 percent cut on manning, but that's where we  
24 were at. And we were hoping that the Stronach Group would  
25 accept the same agreement. But as you can see, we're at a

1 point where we're still negotiating on those issues.

2 CHAIRMAN WINNER: Thanks, John.

3 Any other questions for John?

4 Thank you.

5 Scott, did you want to comment?

6 MR. DARUTY: I didn't submit a card, but can I  
7 just respond to that?

8 CHAIRMAN WINNER: Sure. Please.

9 MR. DARUTY: Scott Daruty on behalf of the  
10 Stronach Group, specifically Santa Anita Park and Golden  
11 Gate Fields.

12 I am in agreement with Mr. Valenzuela in terms of  
13 the status of the agreement that as reached for the upcoming  
14 Golden Gate Fields meet, as well as the continuing  
15 negotiations to try to reach resolution.

16 I just want to state for the record that we do not  
17 agree with the characterization he gave as to what it is  
18 we're looking for.

19 Thank you.

20 CHAIRMAN WINNER: Thank you, Scott.

21 All right, moving right along, Joanne, Joanne Nor.  
22 Where are you, Joanne? Oh, there you are.

23 MS. NOR: Joanne Nor. I just want to report the  
24 updates on glyphosate. And with overwhelming evidence and  
25 2,000 studies worldwide, glyphosate is a carcinogen and is



1 linked to over 40 health issues. And in the formula of  
2 glyphosate is Agent Orange, another Monsanto product.

3 In horse racing the glyphosate is 95 to 100  
4 percent of the daily diet of the race horse. It has been  
5 known to create heart attacks, such as the recent Victor  
6 Espinoza disaster. Especially with the addiction -- the  
7 addition of Lasix, the suppression of the immune system in  
8 the gut is causing many diseases and pathogens to be able to  
9 enter the body. Also, laminitis cases have been reported.

10 On July 7th of 2017, Round-Up, the trade name,  
11 glyphosate, having Agent Orange as part of the deadly mix,  
12 was declared a carcinogen and was added to the EPA list of  
13 carcinogens in the State of California.

14 After a half-year of waiting for Dr. Arthur to  
15 report on the preliminary study to be reported at the Race  
16 Track Safety meeting, Dr. Arthur, instead of his own idea,  
17 instead did a nondocumented survey on German study on dairy  
18 cattle. The country of Germany had banned glyphosate prior  
19 to the study, so it was irrelevant. So, of course, no  
20 problems of glyphosate were reported in Germany, or any  
21 effects of the health of the people, animals or horses were  
22 noted because they had banned the product.

23 Meanwhile, the City of San Diego is suing  
24 Monsanto. And as I have put on your desk, some 3,500 with  
25 No-Hodgkin's Lymphoma who collectively charged Monsanto and

1 San Francisco Supreme Court and a school grounds caretaker,  
2 who is dying of cancer, was awarded \$290 million.

3           Additionally, the idea of having this sprayed on  
4 almost all the horse feed, additionally, the idea of  
5 noncompliance is undermining our entire sport of racing and  
6 the health, well-being and ability to perform of our  
7 precious horses who are the stars of our industry. The lack  
8 of warning signs and postings have not appeared for  
9 backstretch employees, groups, trainers, jockeys, and riders  
10 and handlers that are handling glyphosate-covered straw,  
11 hay, especially alfalfa, sweet feed, corn, soy, and any  
12 other GMO crop which can likely create a huge liability of  
13 Workman's Compensation nightmare for the CHRB and the sport  
14 of racing.

15           I would like to ask the Board of the CHRB to  
16 recognize the risk and act fairly by compliance for the  
17 safety and health of our backstretch workers and the horses  
18 and the jockeys.

19           We, as horsemen and horsewomen, need to protect  
20 our industry should, at the very least and as a safety net,  
21 require product labeling for our choices off of feed and for  
22 our horses because the current --

23           CHAIRMAN WINNER: Joanne --

24           MS. NOR: -- okay, I'm --

25           CHAIRMAN WINNER: -- you're well over the three

1 minutes.

2 MS. NOR: -- okay, because the current products --

3 CHAIRMAN WINNER: I'm going to let you go on

4 for --

5 MS. NOR: -- that are --

6 CHAIRMAN WINNER: -- just a quick moment.

7 MS. NOR: -- okay, I have one sentence --

8 CHAIRMAN WINNER: Okay.

9 MS. NOR: -- because the current products that are  
10 existing in 25 to 50 pound bags are all contaminated and  
11 unlabeled.

12 So we really, as a sport, need to label the  
13 products, at the least. It's full of Agent Orange, Chuck.

14 CHAIRMAN WINNER: Thank you, Joanne.

15 MS. NOR: You know? Remember that --

16 CHAIRMAN WINNER: Thank you, Joanne. Just for --

17 MS. NOR: -- from the Vietnamese War?

18 CHAIRMAN WINNER: -- just for the record, to  
19 clarify, the enhanced necropsy on Bobby Abu Dhabi, the horse  
20 that Victor Espinoza was on, has not been completed. It does  
21 appear that there is a very good chance that it was not a  
22 heart attack that caused that horse to go down.

23 MS. NOR: Well, since Dr. Arthur did a survey, we  
24 did our own survey. And the GGTs and all the liver enzymes  
25 are elevated on almost everybody on the backside.

1 CHAIRMAN WINNER: Okay, but we're not talking  
2 about that. I was just mentioning -- I was only referring  
3 to the point you made about Victor Espinoza's horse going  
4 down because of a heart attack.

5 MS. NOR: Well, it appeared to be a heart attack.

6 CHAIRMAN WINNER: Yeah. Okay. Thank you, Joanne.

7 Any questions for Joanne? Any comments for Ms.

8 Nor?

9 Thanks Joanne.

10 Gail Matthews?

11 Oh, Dr. Arthur.

12 EQUINE MEDICAL DIRECTOR ARTHUR: Dr. Arthur,

13 Equine Medical Director.

14 I don't want to get into details, but the report I  
15 gave was mischaracterized. There should be a transcript of  
16 it that describes what was done and what conclusions were  
17 made. And there are organic livestock feed producers if any  
18 horsemen wants to buy organic feeds.

19 CHAIRMAN WINNER: Thank you.

20 Gail Matthews. Hi Gail.

21 MS. MATTHEWS: Hello. Good morning. Gail  
22 Matthews, Winning Hands Equine Massage Therapy. Chairman  
23 Winner, Commissioners, this is a nice story.

24 As many of you are aware, in addition to massaging  
25 the horses, I promote quality retirement for them. I am not

1 a nonprofit. I help by tracking hundreds of horses who have  
2 run in California, particularly those who drop in class and  
3 travel from barn to barn, often ending up out of state at  
4 lower echelon venues. There are multiple graded stakes'  
5 winners in the mix. I try to make sure that no horse ends  
6 up across the border in a slaughterhouse.

7           At Del Mar, in August of 2013, I worked on a four-  
8 year-old gelding named I Know You Know. I knew his owner,  
9 Anthony Ciccone (phonetic), who three years previous had  
10 given me \$2,000 to buy carbonite from a chuck wagon in  
11 trainer, so he could be retired at Equine Encore in Tucson.

12           You know I know eventually got claimed in  
13 California and ended up in New York. He kept getting  
14 claimed. Each time, I'd call the new trainer, introduce  
15 myself and let them know, no pressure, that if the horse  
16 ever needed to be retired to please call me, I'd be happy to  
17 help.

18           Mr. Ciccone and I agreed that I'd keep an eye on  
19 You Know I Know and when the claiming price was right, he'd  
20 get back the horse to retire him. Michael Blowen already  
21 had a spot open at Old Friends in Georgetown.

22           You Know I Know last ran at Belmont for \$12,500 in  
23 June 2017, with lifetime earnings of over \$503,000. He ran  
24 seventh in a field of nine. He was eight years old.

25           I've been in contact with his trainer at Belmont,

1 Carlos Martin, and I called Mr. Ciccone. He said to offer  
2 them half the claiming price. They accepted.

3 You Know I Know's most recent owner, John Sperando  
4 in New York, donated the proceeds to the Backside Workers  
5 Fund in New York and offered to pay for You Know I Know's  
6 transportation from New York to Kentucky. But at Old  
7 Friends, there was a line for the few spots available. We  
8 found Southside Farm in Versailles where You Know I Know  
9 could wait it out. He was there, getting great care from  
10 Court Levering, and he was there quite a while. Mr. Ciccone  
11 paid the Southside bills without complaint.

12 I want to publicly acknowledge Anthony Ciccone,  
13 John Sperando and Michael Blowen for giving You Know I Know  
14 a future, just for the love of him. These men know what it  
15 means to be a true horsemen.

16 Thank you.

17 (Applause.)

18 CHAIRMAN WINNER: Thank you, Gail, for that  
19 wonderful story. And thank you for all that you do. Thank  
20 you very much.

21 Nancy Bretzfield. I hope I'm pronouncing it  
22 right.

23 MS. BRETZFIELD: Yes, you are. Yes, you are, sir.  
24 My name is Nancy Bretzfield, as you know, and I am prior  
25 horse owner of some very beautiful, lovely four-legged

1 animals who won many, many races at our tracks for me back  
2 in the '80s. Now what I'm going to talk about is the feed.

3 In my time, we didn't have all of this in our food  
4 chain. Today, it has become very dangerous, and that is why  
5 we have so many diseases in people, as well as in animals.

6 I am suggesting that everybody look at an  
7 alternative of organic feed for the animal. And I will  
8 assure you that they will be healthy and they will run a lot  
9 better than what they're running on now, and they won't need  
10 so many veterinarians poking at them.

11 In my time, if I maybe used a veterinarian three  
12 or four times on three of our top horses that ran at these  
13 tracks, it was a lot. That's because we didn't have what we  
14 have today.

15 So my suggestion is, is to look into it, find out  
16 what this is really doing. We've got enough reports, not  
17 only for the animals, but for the humans. And that's all I  
18 have to say about the subject matter.

19 Thank you very much.

20 CHAIRMAN WINNER: Thank you very, very much, and  
21 welcome back to horse racing.

22 Any questions? Okay.

23 Ali Griff [sic], am I pronouncing that right?

24 MR. NILFORUSHAN: No.

25 CHAIRMAN WINNER: Okay. I apologize. You correct

1 me, please.

2 MR. NILFORUSHAN: Yeah. No problem. Hi  
3 everybody. My name is Ali Nilforushan. I'll give you a  
4 little background about myself and then tell you why I'm  
5 here.

6 I'm an Olympian. I was in the Olympics in 2000.  
7 I've won many World Cup qualifiers. And I'm one of the  
8 largest horse dealers in America. And most importantly,  
9 thanks to Madeline, I'm an avid race lover, and I love this  
10 sport more than I can tell you guys. I take my summers off,  
11 thanks to these fine gentlemen in the back that have made  
12 this incredible circuit. So I love this sport more than I  
13 can tell you guys.

14 I'm also a horse show organizer. I organized a  
15 horse show this year, and I gave \$56,000 in free entries to  
16 thoroughbreds, and they had to be tattooed, race horse  
17 thoroughbreds. I believe that that is a huge opportunity  
18 for race horses that are finished because our sport is very  
19 high in cost. And if you're a poor kid or a person that's  
20 super talented, you have no chance. So what I've done by  
21 allowing thoroughbreds to compete for free is if you're  
22 poor, you get that horse, you compete, you get all the  
23 mileage for free, and I believe that's going to open many  
24 doors. I'm talking very fast because I see the clock going  
25 and I've got a lot to say.



1           I own 15 race horses. Two of them -- well, one of  
2 them fell in the wrong hands and I tried to buy the horse  
3 back after the race. The problem is I had to run it in a  
4 claiming race because there's no lower-level racing. The  
5 horse was healthy, just not fast enough. I put him in a  
6 claiming race. The plan was to buy the horse back from  
7 whoever claimed it because we wanted to run in Del Mar. The  
8 horse -- I tried to buy it back. The guy wouldn't sell it  
9 back to me.

10           Fast forward, I tried to buy him multiple times,  
11 gave him double the money, wouldn't sell it. I'm sitting on  
12 an airplane in Dusseldorf, watching the horse run live. The  
13 horse got scratched at the race prior to that and missed  
14 works, had no business running. The horse snapped both his  
15 front legs off.

16           I had 45 people normally that came to races with  
17 me. I've owned grade race -- stake horses named Unusual  
18 Hottie, Papacoolpapacool.

19           And for me, this is not about money, I love this  
20 sport. And I believe you guys need to implement a way for  
21 us to run at a lower level. And if it happens to be a  
22 claiming race, I should be able to, at the end of that race,  
23 if you claim my horse, I should look at you and say I'm not  
24 selling you my horse, rip up papers, and retire him, because  
25 we know what the horse has as owners. The new guy doesn't.

1 So if the horse has some issues and I feel, as a horsemen,  
2 that I should be able to retire this horse, you should do  
3 that. That will cut down on all your breakdowns a lot,  
4 because a lot of good owners will do the right things.

5 I tried to do the right thing. My hands were  
6 cuffed and I lost a beautiful animal named Adair. And I got  
7 suspended because I threatened a trainer. I wouldn't change  
8 a damn thing.

9 That's one.

10 My next item, sorry about that time, the  
11 thoroughbred aftercare situation that we've talked about,  
12 until the Olympics that I did there was a thoroughbred on  
13 the podium every Olympics, until 2000. And I believe that  
14 that's a huge -- these thoroughbreds, some of the best  
15 jumpers in history were thoroughbreds from Gem Twist to  
16 Irish, I mean, I can go on, Touch of Class, on and on and  
17 on. Alan Balch will be able to tell you about those.

18 And bringing it to my final thing is that if we  
19 had a grazing area for these animals, I believe a lot of  
20 these trainers want to do the right thing, but we need a  
21 grazing area for these horses to be horses. I take my  
22 horses back --

23 CHAIRMAN WINNER: I'm going to have to --

24 MR. NILFORUSHAN: Yes.

25 CHAIRMAN WINNER: -- interrupt you. You're going

1 to have to wrap up real quickly --

2 MR. NILFORUSHAN: Yes. Yes, sir.

3 CHAIRMAN WINNER: -- because we're over the --

4 MR. NILFORUSHAN: Yeah.

5 CHAIRMAN WINNER: -- the three-minute rule.

6 MR. NILFORUSHAN: I hope this is -- the grazing  
7 area would be tremendous for these horses. They stand  
8 around in a stall, a concrete stall, 23 hours a day. What  
9 could these trainers do? Well, they can do nothing. They  
10 need a horse -- they need an area for these horses to drop  
11 their stress level and be horses for a minute without any  
12 contaminants. Let them graze. Let them be animals. And if  
13 you drop their stress level and give these trainers an  
14 option, everywhere else they have grazing areas and areas  
15 for them to be horses. It would just -- and if you don't  
16 have the space here, put them on metal plates, grow the  
17 grass, let them eat grass. And then when their meet is  
18 done, take it away.

19 But there needs to be a place. Because every time  
20 I take one of my race horses back, they are done, man. They  
21 need to -- they are mentally, physically, they are just run  
22 down, under stress. And it's just the environment that we  
23 keep.

24 And you guys should really look into doing  
25 treating stalls. No vet should be able to treat a horse in

1 a barn house because you don't know what they do. I'm in  
2 the business. I know what vets do in the barn house. And I  
3 can tell you, if you had treating stalls where there was  
4 cameras watching, you would cut down on a lot of cheating  
5 and a lot of people that shouldn't be in this business. And  
6 a lot of these trainers shouldn't be training horses.

7 CHAIRMAN WINNER: Thank you.

8 MR. NILFORUSHAN: Thank you.

9 VICE CHAIR AUERBACH: Can I respond to that?

10 CHAIRMAN WINNER: Yeah. Did you have a question?  
11 Certainly.

12 VICE CHAIR AUERBACH: I just wanted to respond --

13 CHAIRMAN WINNER: Yeah.

14 VICE CHAIR AUERBACH: -- to Ali. I know Ali a  
15 long time now and he is about as passionate as I am.

16 I was going to make a suggestion to you.

17 MR. NILFORUSHAN: Yes, ma'am.

18 VICE CHAIR AUERBACH: A lot of the things you've  
19 brought up are true and need to be addressed. And I was  
20 going to suggest to you that you go to the TOC. The TOC  
21 writes the race contracts.

22 MR. NILFORUSHAN: Uh-huh.

23 VICE CHAIR AUERBACH: And a lot of the items that  
24 you're talking about are things that can be addressed with  
25 the TOC with their help, in conjunction with the trainers.

1 MR. NILFORUSHAN: Uh-huh.

2 VICE CHAIR AUERBACH: And you need to start  
3 here --

4 MR. NILFORUSHAN: Uh-huh.

5 VICE CHAIR AUERBACH: -- rather than starting  
6 here.

7 MR. NILFORUSHAN: Uh-huh.

8 VICE CHAIR AUERBACH: So I would suggest, take  
9 your passions --

10 MR. NILFORUSHAN: Uh-huh.

11 VICE CHAIR AUERBACH: -- go to the TOC, run for  
12 their board, talk to their board members, express your  
13 ideas, see which way you can go.

14 I was also going to tell you, I don't know if  
15 you're aware that CARMA does run a thoroughbred aftercare  
16 show --

17 MR. NILFORUSHAN: Uh-huh.

18 VICE CHAIR AUERBACH: -- horse show. Are you  
19 aware of that?

20 MR. NILFORUSHAN: Yeah. So the problem with that  
21 is that's cockamamie. That doesn't work.

22 VICE CHAIR AUERBACH: It's --

23 MR. NILFORUSHAN: And I'll tell you --

24 VICE CHAIR AUERBACH: It --

25 MR. NILFORUSHAN: -- the way -- not about CARMA.

1 I'm saying that what happens is --

2 VICE CHAIR AUERBACH: What --

3 MR. NILFORUSHAN: -- it's so limited --

4 VICE CHAIR AUERBACH: I know, but we're limited.

5 We don't have the funds. We do what we can do to encourage

6 a certain kind of behavior. And what I'm suggesting to you

7 is that a lot of ideas you have are really good, but if you

8 would like to get them implemented --

9 MR. NILFORUSHAN: Yeah.

10 VICE CHAIR AUERBACH: -- even though this is nice

11 to hear from you, we are not able to --

12 MR. NILFORUSHAN: Got it.

13 VICE CHAIR AUERBACH: -- do it. I'm saying, if  
14 you really want to do it, go to the TOC and start with them.

15 MR. NILFORUSHAN: Yeah. I think thoroughbreds  
16 should get a lot more credit in their abilities than just  
17 having thoroughbred shows. I think if we open these doors,  
18 we can really bring this.

19 VICE CHAIR AUERBACH: And I --

20 MR. NILFORUSHAN: And it will give a huge  
21 aftermarket for these horses.

22 VICE CHAIR AUERBACH: And I -- right. And I think  
23 that you have some great ideas.

24 MR. NILFORUSHAN: Thank you.

25 VICE CHAIR AUERBACH: And I'd like to see you go

1 through the channels, so maybe we can get some stuff done;  
2 all right?

3 MR. NILFORUSHAN: I appreciate that. Thank you,  
4 guys.

5 CHAIRMAN WINNER: I agree with you. I thought  
6 some of your thoughts were very, very helpful.

7 MR. NILFORUSHAN: Thank you.

8 CHAIRMAN WINNER: And I think that it -- I agree  
9 with Vice Chair Auerbach, that the appropriate way to go  
10 would be to start with the TOC.

11 MR. NILFORUSHAN: Yeah. I think there's a lot of  
12 owners that are passionate, like me, about this. It's -- I  
13 mean, this is an incredible sport. We just have a few  
14 tweaks and I think we could get California going in the  
15 right direction again.

16 Thanks guys.

17 CHAIRMAN WINNER: Thank you.

18 Item five and item six, we're going to have to put  
19 off until the next meeting because CARMA is a recipient of  
20 the funds and we would not have a quorum to vote on these  
21 because Commissioner Auerbach would have to recuse herself.

22 So we'll go on then to item seven, discussion and  
23 action by the Board on the nomination of members to the  
24 Board of the -- to the Board of Directors of the California  
25 Thoroughbred Horsemen's Foundation.

1 MR. GOODRICH: Mr. Chairman, Commissioners, Cliff  
2 Goodrich, speaking for CTHF.

3 And we have submitted, as required by regulation,  
4 three new directors, two incumbents, one a retired  
5 physician, the other, Angie Carmona represents the CTT as an  
6 officer, she's our Secretary, and new Board Member Eric  
7 Sindler, who works for Monarch out of Santa Anita, who is  
8 son many industry boards. And we've got a good cross-  
9 section now. We've got two owner representatives, one the  
10 official representative of the TOC. We have two trainer  
11 representatives, one the official representative of the  
12 trainers' organization. We've got two race track  
13 representatives, a retired physician. And Damascus, the  
14 labor representative. So we've got a good cross-section of  
15 people to help us.

16 CHAIRMAN WINNER: Thank you, Cliff. I don't know  
17 about Eric Sindler.

18 MR. GOODRICH: I said he better worry. There's  
19 only four Commissioners up there.

20 CHAIRMAN WINNER: Is there any discussion,  
21 questions of Mr. Goodrich? Is there a motion?

22 VICE CHAIR AUERBACH: So move.

23 CHAIRMAN WINNER: Move by Vice Chair Auerbach.

24 COMMISSIONER CHOPER: Second.

25 CHAIRMAN WINNER: Seconded by Commissioner Choper.



1 Commissioner Mass?

2 COMMISSIONER MASS: Yes.

3 CHAIRMAN WINNER: The Chairman votes yes.

4 Commissioner Auerbach?

5 VICE CHAIR AUERBACH: Yes.

6 CHAIRMAN WINNER: Commissioner Choper?

7 COMMISSIONER CHOPER: Yes.

8 CHAIRMAN WINNER: Thank you.

9 MR. GOODRICH: Thank you.

10 CHAIRMAN WINNER: Congratulations. And thanks for  
11 your service.

12 VICE CHAIR AUERBACH: It sounds like the military.

13 CHAIRMAN WINNER: Yeah. Number eight, discussion  
14 and action by the Board on the Application for License to  
15 Conduct a Horse Racing meeting of the Los Angeles Turf Club  
16 II at Santa Anita, commencing September 26th, 2018 through  
17 November 6th, 2018, inclusive.

18 EXECUTIVE DIRECTOR BAEDEKER: Do you want to  
19 update the Board on the --

20 CHAIRMAN WINNER: Yeah.

21 EXECUTIVE DIRECTOR BAEDEKER: -- on the status of  
22 the items?

23 CHAIRMAN WINNER: I think there are a lot of items  
24 still outstanding, Jackie.

25 EXECUTIVE DIRECTOR BAEDEKER: The TOC agreement,

1 the ADW contracts, and the labor agreement. I think we just  
2 heard that the labor agreement has been reached.

3 CHAIRMAN WINNER: For the opening.

4 EXECUTIVE DIRECTOR BAEDEKER: Yeah, for the  
5 opening. Yeah. Well, actually, that's not true, no. It's  
6 not for Santa Anita. It's not for Santa Anita, just for  
7 Golden Gate.

8 CHAIRMAN WINNER: No, no. It was reached for  
9 Santa Anita.

10 MR. DARUTY: No. Scott Daruty on behalf of Santa  
11 Anita.

12 The agreement that was reached with Local 280 was  
13 just for Golden Gate Fields for the upcoming meet, only at  
14 Golden Gate Fields. The negotiations are continuing. We  
15 hope to reach agreement before the opening of Santa Anita  
16 but are not able to say today that there is an agreement.

17 EXECUTIVE DIRECTOR BAEDEKER: What about the other  
18 two items?

19 MS. WAGNER: Those are still outstanding.

20 EXECUTIVE DIRECTOR BAEDEKER: The TOC is  
21 outstanding --

22 MS. WAGNER: Right.

23 EXECUTIVE DIRECTOR BAEDEKER: -- as well as the  
24 ADW contracts?

25 MS. WAGNER: The ADW contracts, as well.

1 MR. DARUTY: Yeah. The ADW contract with  
2 TwinSpires has been a constant thorn in our side since the  
3 start of the year. We haven't had a single race meet here  
4 in California in 2018 that has had a signed agreement with  
5 TwinSpires. We have continued to try to get them to the  
6 table to review the document we sent them for signature and  
7 comment on it, and so far we have not been successful.

8 COMMISSIONER CHOPER: Why not?

9 MR. DARUTY: They believe that there was already  
10 an agreement signed that covers it and that there's not a  
11 need for a new agreement. The agreement they're referencing  
12 was signed in 2013. It specifies that it was for a very  
13 short, original term, which has long since expired. But  
14 they think that it's sufficient just to operate under those  
15 terms.

16 COMMISSIONER CHOPER: I probably asked this  
17 before. Is there much thought given to arbitration of some  
18 of these issues?

19 MR. DARUTY: Well, I think there are certain  
20 issues that are ripe for arbitration. I think, you know, I  
21 guess I don't whether --

22 COMMISSIONER CHOPER: Well, if it's ripe, why  
23 don't --

24 MR. DARUTY: -- I don't know whether that would  
25 work.

1           COMMISSIONER CHOPER:  -- why don't we pick it?  I  
2 say, why don't we do that then, if you say they're ripe for  
3 arbitration.

4           MR. DARUTY:  Yeah.  I just don't know if -- I  
5 don't know if they would agree to that.  And I guess I'm  
6 sort of stuttering and stammering because I really don't  
7 know how to address this issue.  We have tried everything to  
8 get them to deal with the contract situation.  I've had  
9 meetings.

10           I think I spoke, I think it was the May or June  
11 meeting when Del Mar and Los Al were up for approval, and I  
12 mentioned at the time that we had a meeting scheduled with  
13 Churchill to try to address it.  They canceled that meeting,  
14 so we were not able to address it.  We currently have a  
15 meeting scheduled for September 12th.  If anybody wants to  
16 place a bet on that, I would recommend betting that it does  
17 not take place.

18           CHAIRMAN WINNER:  Should we bet on TwinSpires --

19           MR. DARUTY:  Yeah.

20           CHAIRMAN WINNER:  -- or should we bet on TVG --

21           MR. DARUTY:  Well --

22           CHAIRMAN WINNER:  -- or should we bet on  
23 Xpressbet?

24           MR. DARUTY:  -- we will certainly make ourselves  
25 available and be at the meeting, if they are able to go

1 forward with it. But I just, I don't know, I don't know  
2 what to say.

3 COMMISSIONER CHOPER: Apart from a disagreement as  
4 to money, why this impacts?

5 MR. DARUTY: As respects the California  
6 racetracks, they're --

7 CHAIRMAN WINNER: It's not just --

8 MR. DARUTY: -- it's not --

9 CHAIRMAN WINNER: -- Scott, just to interrupt for  
10 second, it's not just Santa Anita, it's not just the  
11 Stronach? Am I correct about that?

12 MR. DARUTY: The contract, yeah, so that's why I  
13 got the --

14 CHAIRMAN WINNER: TwinSpires doesn't have an  
15 agreement.

16 MR. DARUTY: With any track in California.

17 CHAIRMAN WINNER: Right. Correct.

18 EXECUTIVE DIRECTOR BAEDEKER: But they claim they  
19 do?

20 MR. DARUTY: They claim that the agreement they  
21 signed in 2013 is still in effect, and therefore they don't  
22 need to sign a new agreement.

23 COMMISSIONER CHOPER: Well, but what I don't  
24 understand is they're claiming it and you're denying it;  
25 right? So how do you resolve that? Well, so far you've

1 been unsuccessful in resolving. That's why I mention  
2 arbitration. It doesn't even have to be compulsory  
3 arbitration, although that would be -- that would be ideal.  
4 But otherwise, you know, we're sitting around, we get the  
5 same thing all -- and the worst -- that's not bad that we  
6 hear the same thing. There's nothing new or different about  
7 that.

8           But what is unfortunate is that this is causing a  
9 lot of issues. You know, people are out of work, et cetera.  
10 I saw -- I must say, I know there seems to be no real effort  
11 made, and I'm not saying it hasn't been made but I don't  
12 know of any, to try to resolve this issue. There's  
13 obviously two very strong groups that are disagreeing. And  
14 are you just going to sit around and say, well, you'll wait  
15 it out?

16           MR. DARUTY: Well, I think -- I'm sorry,  
17 Commissioner Mass, it appeared that you were looking to ask  
18 a question.

19           COMMISSIONER MASS: I was asking a question, but  
20 I'll let you answer it.

21           MR. DARUTY: Yeah. So the only -- I guess I can't  
22 necessarily answer the arbitration because I don't think  
23 they would come to an arbitration. I think we really have  
24 two choices. One would be for us to tell them, you don't  
25 have a contract so you cannot bet on our signal. There's

1 obviously a lack of handle at that point. There would be  
2 some loss of handle. There would be some economic impact.  
3 I think it would bring them to the table very quickly and I  
4 think it would get resolved. I think the issues in the  
5 contract are something that, with a three-hour meeting and  
6 everybody working in good faith, it would be done and we'd  
7 have a contract.

8           The other choice, and I'm not saying that you  
9 should do that but I'm just pointing out what the  
10 alternatives are, the other choice would be for you to say  
11 we are not allowed to send our signal to them because we  
12 don't have a contract. And so far at the Los Al racing  
13 application hearing, at the Del Mar racing application  
14 hearing, at the hearings for the fairs' racing applications,  
15 this Board hasn't wanted to take that position, and I'm not  
16 disagreeing with that. But the only way to deal with it is  
17 to put a definite deadline and say if you do not have the  
18 contract signed by this time, you will not get the signal.

19           CHAIRMAN WINNER: Could we -- I suppose it would  
20 require all of the parties to agree, but I believe that this  
21 Board or the attorneys for this Board could arbitrate if the  
22 parties wanted the Board to arbitrate. Is that your view?

23           MR. DARUTY: I hadn't thought about that. I think  
24 that probably is correct. I think under your sort of  
25 plenary authority, you could mandate that we submit our

1 positions to you and you make a decision. We're both  
2 licensees of the CHRB.

3 CHAIRMAN WINNER: Right.

4 MR. DARUTY: We'd welcome that. We'd be very  
5 comfortable giving you our position. We think it's  
6 incredibly reasonable.

7 I'll give you an example of the type of issue that  
8 wasn't addressed in the 2013 contract that we think needs to  
9 be addressed, the recent geolocation rule that was put in  
10 place.

11 CHAIRMAN WINNER: Uh-huh.

12 MR. DARUTY: And the TOC -- it was driven by the  
13 TOC. I don't remember whether you actually adopted a rule,  
14 but ultimately all the parties --

15 CHAIRMAN WINNER: Yeah.

16 MR. DARUTY: -- agreed we would geolocate wagers  
17 on-track. Now, TwinSpires is doing it voluntarily, but we  
18 don't have a contract in place that says they're required to  
19 do it or what happens if they don't do it or what are the  
20 exact terms of it.

21 That's just one of many examples of where the  
22 industry has moved, you know, on a lot of issues from 2013  
23 to today. And we think those issues should be in a contract  
24 and be addressed.

25 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, I



1 checked with John McDonough, and I don't have to speak for  
2 him, but I also compared notes with Bob Miller. They do  
3 agree that the Board can get involved in this dispute. And,  
4 of course, the Board has power beyond that. The Board could  
5 decide simply to not allow business on that site based on  
6 counsel's opinion of the contractual matter.

7           So I think the key -- I think the point that  
8 everybody can agree on is that this just seems to be going  
9 on and on and on, and there's no resolution of it in sight.  
10 So if you're so inclined and the parties are so inclined,  
11 and I believe they would be, I've been contacted by  
12 TwinSpires, just to make the point that you're wrong and  
13 they're right, and so I think that they would participate.  
14 And this probably would be a good time because it's a short  
15 meet. The goal would be to have this finalized by the time  
16 the big meet come around that starts on December 26th. So  
17 it's an option for you, if the Board so chooses.

18           MR. DARUTY: Yeah. If I could -- sorry. If I  
19 could --

20           CHAIRMAN WINNER: Go --

21           MR. DARUTY: -- make one --

22           CHAIRMAN WINNER: Go ahead, Scott.

23           MR. DARUTY: -- one other point? I just want to  
24 make clear for the record, the contract that we sent to  
25 TwinSpires for signature is the exact same contract that was

1 signed by TVG, by Xpressbet and by NYRA Bets. So every  
2 other operator in California has lived to the exact same  
3 terms. It's not like we're asking for anything out of the  
4 ordinary.

5 CHAIRMAN WINNER: Did you have a question,  
6 Commissioner Mass?

7 COMMISSIONER MASS: I'm just curious on where your  
8 ADW is at? How are they handling you on the ADW side? And  
9 are there issues that exist relative to them that may not be  
10 necessarily to California that could be somehow involved in  
11 this?

12 MR. DARUTY: Well, let me try to answer your  
13 question. If I don't get it, though, I'll do better. I  
14 think I understand it.

15 The rate at which they are paying for California  
16 signals, they are paying what we believe they should be  
17 paying, so there's not a dispute. They had taken the  
18 position that when they bought BetAmerica, that that should  
19 entitle BetAmerica to better pricing. We disagreed with  
20 them on that. And so far they are paying the prices that we  
21 believe they should be. Now in other jurisdictions, they've  
22 stopped paying the prices that we thought, and those tracks  
23 have no remedy because there's no signed contract.

24 So I'm not saying they will do this, but I suppose  
25 they could, just on their own, start changing the number

1 they pay. And we wouldn't have a contractual remedy because  
2 there's no contract in place. We've seen that happen in  
3 other jurisdictions.

4 COMMISSIONER MASS: And how are they handling you  
5 on your ADW side --

6 MR. DARUTY: So how much do they bet on --

7 COMMISSIONER MASS: -- in terms of the betting?

8 MR. DARUTY: TwinSpires is one of the largest ADWs  
9 nationally. They don't have as big of a customer base in  
10 California as they do nationally, so the California handle  
11 is not huge. But out of state, they do a lot. I mean, to  
12 cut off that distribution channel until it has time to  
13 relocate would be an economic hardship.

14 COMMISSIONER MASS: I assume that there's bigger  
15 issues here that are outside just our licensing issues that  
16 are complicating matters between you and some of these other  
17 organizations?

18 MR. DARUTY: Well, not necessarily. I mean, there  
19 are a lot of issues between our companies because we do  
20 business, both of us, across the country. On this  
21 contractual issue, no, it's really just, as far as I'm  
22 aware, it's just they don't want to sign a new contract.

23 CHAIRMAN WINNER: Well, why don't we start by  
24 doing -- by saying that this Board is offering to arbitrate  
25 between the parties. And I would ask the various parties,

1 all of the parties, to contact the Board, the Executive  
2 Director, to either affirmatively agree to that arbitration  
3 or not, or to not agree to our arbitrating that. And let's  
4 see if we can't get this resolved, as Commissioner Choper  
5 recommends. Perhaps we can help achieve that.

6 So I would ask all of the parties, all the  
7 associations, as well as TwinSpires, to respond to that  
8 suggestion.

9 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, would  
10 it be your goal to have this resolved before this meet  
11 starts, or in the event that it's not resolved and the  
12 arbitration process hasn't been completed prior to the  
13 beginning of their meet, would the goal be to have this  
14 resolved by the next time --

15 CHAIRMAN WINNER: By the next meet, yeah.

16 EXECUTIVE DIRECTOR BAEDEKER: -- the association  
17 comes before us for their longer meet?

18 CHAIRMAN WINNER: Yes.

19 EXECUTIVE DIRECTOR BAEDEKER: I think more time,  
20 probably, is we're going to need.

21 CHAIRMAN WINNER: Yes. We're going to need more  
22 time, but there's also (indiscernible).

23 COMMISSIONER CHOPER: ASAP. That's it.

24 VICE CHAIR AUERBACH: Wait a minute.

25 CHAIRMAN WINNER: Go ahead.

1 VICE CHAIR AUERBACH: When do they come --

2 EXECUTIVE DIRECTOR BAEDEKER: And then we have a  
3 Del Mar fall meet.

4 VICE CHAIR AUERBACH: When do --

5 CHAIRMAN WINNER: Yeah.

6 VICE CHAIR AUERBACH: When do they come up for  
7 licensing again? I mean --

8 EXECUTIVE DIRECTOR BAEDEKER: They all do this  
9 year, right --

10 VICE CHAIR AUERBACH: Okay. I think that's --

11 EXECUTIVE DIRECTOR BAEDEKER: -- the ADWs?

12 VICE CHAIR AUERBACH: -- probably the arena --

13 EXECUTIVE DIRECTOR BAEDEKER: Is that correct?

14 VICE CHAIR AUERBACH: -- that the -- as I recall,  
15 this is not a new song. This is just on and on. And it is  
16 almost like I don't have to and you can't make me, kind of  
17 thing. And I believe that during the licensing would be the  
18 time for the Board, if the Board desires, to show some  
19 strength and say either you do what you need to do and treat  
20 our facilities with the respect that they deserve and sign  
21 the appropriate contracts, or then it is up to the Board to  
22 decide what to do about it. You know, you can try the  
23 arbitration. I'm not saying don't try it.

24 CHAIRMAN WINNER: Yeah. But that -- yeah. I'm  
25 sorry. Go ahead.

1 VICE CHAIR AUERBACH: But I'm really thinking that  
2 the way to address this -- because we went through this --

3 CHAIRMAN WINNER: Right.

4 VICE CHAIR AUERBACH: -- with the geolocation. We  
5 got it done and everybody said they weren't going to do it,  
6 we're not going to do it, we don't have to and we can't, and  
7 blah, blah, blah, blah, blah, and it got done. However --

8 CHAIRMAN WINNER: It's the blah, blah, blah, blah,  
9 blah --

10 VICE CHAIR AUERBACH: -- I am -- but --

11 CHAIRMAN WINNER: -- that caused it to be done.

12 VICE CHAIR AUERBACH: Yeah. But I understand the  
13 fact that we don't have this tied up legally, as it should  
14 be appropriately tied up. And I think that the appropriate  
15 way to do that is to make their license contingent, their  
16 ability to operate in the State of California contingent on  
17 their ability to sign off on the contracts as presented to  
18 them by the various participants. I think that's where the  
19 issue lies.

20 CHAIRMAN WINNER: Well, let me just comment on  
21 that.

22 First of all, I don't disagree at all with Vice  
23 Chair Auerbach. Eventually, that may be the course of  
24 action that we have to take. Because of the hardships that  
25 that might cause in a number of ways, as mentioned by

1 Commissioner Choper, and also Scott, I believe that if this  
2 could be arbitrated, and as Executive Director Baedeker  
3 said, TwinSpires has been in touch with him about this  
4 issue, it seems to me if we can resolve it --

5 VICE CHAIR AUERBACH: It would be great.

6 CHAIRMAN WINNER: -- in a positive way without  
7 having to use a hammer, it would be a good -- it would be a  
8 good idea to at least give it a shot.

9 VICE CHAIR AUERBACH: Well, I just wanted to put  
10 that on the record because I know if we're going to start  
11 dealing with them, I think they should know that we're  
12 serious about it.

13 CHAIRMAN WINNER: I couldn't agree more.

14 EXECUTIVE DIRECTOR BAEDEKER: Worst case,  
15 Commissioners, if the arbitration doesn't happen, we'll  
16 commit that our attorneys, I hate to do it, will dive into  
17 the middle of it. Because we need to be able to better  
18 inform you when the ADW licensees coming back before you.

19 CHAIRMAN WINNER: Right.

20 VICE CHAIR AUERBACH: Uh-huh.

21 EXECUTIVE DIRECTOR BAEDEKER: So one way or the  
22 other, we'll have a strong opinion by the time we next  
23 discuss this.

24 CHAIRMAN WINNER: Okay. I'm going to ask for a  
25 brief recess and ask Rob -- do we want --

1 EXECUTIVE DIRECTOR BAEDEKER: Rob and John, yeah.

2 CHAIRMAN WINNER: -- Rob and John to meet with  
3 Rick and myself --

4 EXECUTIVE DIRECTOR BAEDEKER: Just a sidebar over  
5 here.

6 CHAIRMAN WINNER: -- on a sidebar.

7 (Off the record at 10:30 a.m.)

8 (On the record at 10:33 a.m.)

9 CHAIRMAN WINNER: Okay, we are going to reconvene.

10 Liz, would you mind coming forward for just a  
11 moment? Can you give us a brief reason why there's -- why  
12 the TOC agreement has not been reached between the parties  
13 here.

14 MS. MOREY: We are --

15 EXECUTIVE DIRECTOR BAEDEKER: Identify yourself,  
16 Liz.

17 MS. MOREY: Elizabeth Morey, TOC.

18 We are working with the Stronach Group on  
19 finalizing an agreement for their upcoming meet. Taking  
20 into consideration some of the things that have been going  
21 on with labor negotiations, we're just trying to make sure  
22 that we can have our purse schedules. But the purses have  
23 been approved for the Santa Anita meet, their overnights and  
24 stakes races. And we do look forward to having an agreement  
25 with them for their upcoming meets.



1 CHAIRMAN WINNER: Okay. Thank you.

2 All right, Scott, did you want to go ahead then  
3 with the presentation?

4 MR. BRODNIK: If I could make --

5 CHAIRMAN WINNER: I'm sorry to interrupt --

6 CHAIRMAN WINNER: Yes, Rob?

7 MR. BRODNIK: -- Mr. Daruty. If I could just  
8 bring to light one item for the Board? And then I'm sure  
9 Mr. Daruty or Mr. Sindler can discuss it some more.

10 One -- good morning, Chairman, Commissioners.  
11 Robert Brodник, Staff Counsel.

12 With regard to LATC II's application at the Santa  
13 Anita meet, one change from their previous application is a  
14 request as it's related to their wagering program, so I just  
15 wanted to discuss that. There are mainly two issues here.

16 One is LATC II is requesting that their patrons be  
17 allowed to select an alternate wagering interest in any of  
18 the picking contests in the event their selected wagering  
19 interest is scratched. Pursuant to ARCI Rules, which would  
20 govern this section, specifically 4-105(g)(4), the  
21 association must receive authorization from the Board to  
22 allow patrons to select an alternate wagering interest. So  
23 I'm assuming they'll explain why they're asking for this.  
24 But just for your information, you would have to approve it.

25 The second issue --

1 CHAIRMAN WINNER: Well, we can approve that as a  
2 part of the motion, could we not?

3 MR. BRODNIK: You can approve if --

4 CHAIRMAN WINNER: Once we approve the license, it  
5 would be approved?

6 VICE CHAIR AUERBACH: Yes.

7 MR. BRODNIK: Correct.

8 VICE CHAIR AUERBACH: That's right.

9 MR. BRODNIK: And their application is requesting  
10 this.

11 CHAIRMAN WINNER: Right.

12 MR. BRODNIK: And if you approve their  
13 application --

14 CHAIRMAN WINNER: Right.

15 MR. BRODNIK: -- for a license, it would be in the  
16 application.

17 CHAIRMAN WINNER: Thank you.

18 MR. BRODNIK: Similarly, they're also requesting  
19 to use an alternate -- alternative definition of unique to  
20 govern their Pick 6 payout. Pursuant to the ARCI Rules, in  
21 this situation, they're required to identify to the Board  
22 which definition of unique they want to use. Under the ARCI  
23 Model Rules, there's two possible definitions of unique.  
24 But LATC II is requesting an alternative definition which is  
25 not one of the two. So they're creating their own

1 definition of unique, and that is contained within the  
2 analysis. And again, under the ARCI Model Rules the Board  
3 has the authority to approve that unique definition. But  
4 again, they have to bring it to your attention.

5           They are also requesting a change to the ARCI  
6 Model Rules with regard to instances of late surface  
7 changes. They're asking that on any day in which the  
8 surface change after the Pick 6 pool has closed, the races  
9 will be declared a win all and not a no contest. They're  
10 also requesting that on a day in which there's a surface  
11 change after the Pick 6 pool is closed the payout  
12 distribution will be consistent with ARCI Model Rule 4-  
13 105(g) (2) (G). If there is no unique ticket the entire day's  
14 net pool will be paid to the ticket holders who correctly  
15 selected the first -- or excuse me, the most first-place  
16 finishers in the Pick 6 contest. And again, as is  
17 consistent with the other issues, the Board has authority to  
18 approve all these changes. But I just wanted to bring them  
19 to your attention, so they weren't missed in the  
20 application.

21           CHAIRMAN WINNER: Thank you.

22           VICE CHAIR AUERBACH: You kind of stole Scott's  
23 thunder. This was all the stuff he's supposed to talk  
24 about. And you did not mention that the Super Jackpot would  
25 not grow if it had to be distributed. You forgot one of the

1 items.

2 MR. BRODNIK: My apologies, Commissioner.

3 VICE CHAIR AUERBACH: Okay. And also, I wanted to  
4 point out that I thought Eric did a great job in the  
5 presentation in the way it was explained. I hope everybody  
6 had a chance to read it.

7 CHAIRMAN WINNER: Right.

8 VICE CHAIR AUERBACH: I was very happy to see this  
9 kind of thought process beforehand, rather than get in the  
10 middle of it and find out we don't know what the hell we're  
11 doing, so I appreciated that. Thank you.

12 MR. BRODNIK: And I would just like to compliment  
13 Mr. Sindler. He's been very available to speak about these  
14 issues with me and I appreciate it, as well.

15 VICE CHAIR AUERBACH: Good.

16 CHAIRMAN WINNER: Scott? Eric?

17 MR. DARUTY: Yeah. So just kind of a high level  
18 in terms of our request. We obviously submitted the  
19 application with all the detailed information, but we're  
20 looking for 24 race days, beginning on September 27th and  
21 running through the first weekend of November. We did just  
22 finalize yesterday the purse schedule, both for our  
23 overnights and for our stakes, as was referenced earlier. So  
24 that will now be reflected in a signed contract in the very  
25 near future.

1           But my point is the average daily purses we're  
2 estimating for the meet are just a hair under \$450,000 a  
3 day. Last year it was just a hair over \$450,000 a day, so  
4 it's roughly the same as last year.

5           Our biggest weekend is expected to be our opening  
6 weekend, where we have a number of stakes races, Breeders'  
7 Cup prep races.

8           And that's sort of it, high level. I mean, we're  
9 happy to answer questions. As was just mentioned, we have a  
10 number of new wagers or tweaks to wagers that we think are  
11 going to make the wagering opportunities better for the  
12 betting public. If there are specific questions on those,  
13 I'm going to let Mr. Sindler answer since he's the one who  
14 did most of that analysis.

15           CHAIRMAN WINNER: I actually thought all of those  
16 changes were --

17           VICE CHAIR AUERBACH: Were really good.

18           CHAIRMAN WINNER: -- positive changes.

19           VICE CHAIR AUERBACH: So did I.

20           CHAIRMAN WINNER: Can you just talk for a minute  
21 about your marketing plan?

22           MR. DARUTY: Yes. Unfortunately, Nate Newbie was  
23 not available to be here today, so he gave a full download  
24 to Eric and Eric will talk about that.

25           CHAIRMAN WINNER: Okay.

1 MR. SINDLER: Good morning. Eric Sindler on  
2 behalf of Santa Anita.

3 So first, just to verify, I've talked to Rob quite  
4 a bit about the wagering. The alternate runner selection is  
5 actually nothing new. Every thoroughbred association in  
6 California has been doing it this way for years.

7 As far as the late surface change, us and Del Mar,  
8 with the Jackpot, we've been doing this for the last few  
9 meets, so that's actually not anything new, it's just a  
10 continuation of what us and Del Mar currently do.

11 The only change is the definition of unique.

12 For our marketing, we're going to be running a  
13 six-week meet. Nate submitted a pretty thorough, about 50-  
14 page marketing plan to the Board.

15 CHAIRMAN WINNER: Right.

16 MR. SINDLER: A few of the highlights, the  
17 marketing spend is approximately the same as last year. We  
18 have five breed ones opening weekend. Oh, and opening  
19 weekend, for the Jackpot portion of the Pick 6, we are going  
20 to guarantee, if there's a unique ticket for the Jackpot,  
21 \$250,000 on Friday, \$1 million on Saturday, and \$500,000 on  
22 Sunday.

23 We're going to continue offering our weekly \$40-  
24 handicapping contest. We're also going to have five big,  
25 live-money contests that will range from \$500 to \$3,000, so

1 we have something for everyone. We have one on opening  
2 weekend and our final one is closing weekend. In addition  
3 to these five live-money contests, we're also going to be  
4 operating as a satellite facility for the BCBC, which is  
5 also a live-money contest, and it's a \$10,000 buy-in.

6 We have various events every weekend, festivals,  
7 music, food, so every weekend has something. And we're  
8 going to continue having our wagering ambassadors at these  
9 events to help new customers learn how to wager, so they can  
10 stop being one-time customers and start being regular  
11 patrons.

12 Also, we are continuing to invest in the facility.  
13 We are in the process, we're about finished creating a new  
14 space where the Bud Light Lounge used to be, and it's in  
15 conjunction with Golden Road Brewery. So it's going to be a  
16 great spot for people to get local beers, food, watch and  
17 bet the races or watch some sporting events.

18 Also, we are in the process of finally putting in  
19 a camera in the stewards' stand. We've been working in  
20 conjunction with the CHRB and the stewards to achieve this.  
21 So on the simulcast feed, if there's an objection or  
22 inquiry, we're going to show everything that the stewards  
23 are seeing, so a little bit more transparency. There will  
24 be no audio. That is at the request of the stewards and the  
25 CHRB. However, when we are installing all this, we are

1 going to be wiring it with audio. So we hope to have audio,  
2 it's just up to the CHRB and the stewards to allow us to  
3 turn that feature on, but it will be programmed. So when we  
4 get the go-ahead from you, it will be available.

5 CHAIRMAN WINNER: Yeah. Thank you.

6 EXECUTIVE DIRECTOR BAEDEKER: Can I add one note  
7 to that?

8 CHAIRMAN WINNER: Please.

9 EXECUTIVE DIRECTOR BAEDEKER: Also, in  
10 conversation with Mr. Ritvo and Amy Zimmerman about this, we  
11 also want to do one more step, and that is following the  
12 completion of that process, whatever happens with the  
13 inquiry, we're going to put together, with the television  
14 department, the most critical view that best shows the  
15 incident. And then we're going to have the stewards give  
16 their explanation in a little bit more detail than they  
17 might just live. That will be voiced over by the race  
18 announcer over that video. And then that will be on the  
19 Santa Anita webpage, and also on our webpage. Hopefully,  
20 that can be done here by the time this meet comes forward.  
21 But if not, it will be done when its ready. And that way,  
22 you know, if you -- many times if you're in a satellite  
23 facility, you don't hear the explanation given for their  
24 decision.

25 CHAIRMAN WINNER: Right.



1 EXECUTIVE DIRECTOR BAEDEKER: Often times, you  
2 don't, even if you're there, you don't hear it. Most people  
3 probably never have an opportunity to understand why they  
4 did what they did. So folks will be able to go to either  
5 webpage, look at the critical video, hear the explanation.  
6 Whether or not they agree with it, that's not the point.  
7 Just more communication can't hurt.

8 And by the way, you guys, Santa Anita, said, sure,  
9 we'll help put that together, so appreciate the cooperation.

10 CHAIRMAN WINNER: Thank you.

11 MR. SINDLER: Also, Rick Hammerle apologizes for  
12 not being able to be here today. He is going through the  
13 stall apps and starting that process. It's a critical part,  
14 as you all know. But he also gave me a report.

15 As has been mentioned, everything has been worked  
16 out with the TOC as far as purses are concerned. The stakes  
17 schedule is going to be the same as 2016, which is the last  
18 time Santa Anita had Breeders' Cup weekend, so it's back to  
19 that stakes schedule. Obviously, that one week, it will be  
20 flipped between us and Del Mar, just the same dates.

21 We've done work on the turf course over the  
22 summer, so that has been put back in fantastic condition.  
23 We're going to continue the trend that we had in the winter-  
24 spring meet, trying to run more races on the turf. Patrons  
25 seem to like having them on it, so we're going to keep

1 offering it.

2           Also, one note on our application. It says that  
3 our first day of live racing is Thursday, September 27th. We  
4 are actually going to be opening on Friday, the 28th. We  
5 want to start with a three, strong opening-day week, so  
6 we're going to be running more races each day. Similarly,  
7 closing week, that's that Breeders' Cup week, are we are not  
8 going to run that Thursday. We're going to run Friday,  
9 Saturday, Sunday. And similar to opening week, we're going  
10 to be running more races each day. So we are going to start  
11 strong and end strong.

12           CHAIRMAN WINNER: Thank you, Eric.

13           VICE CHAIR AUERBACH: That would be part of your  
14 TOC agreement with those date changes?

15           MR. SINDLER: Well, the dates are part of the  
16 application. The TOC is part of the stakes and how much --  
17 I'm sorry, the purse levels and how much we're paying on the  
18 purses.

19           VICE CHAIR AUERBACH: But does the TOC not have to  
20 sign off on those date adjustments, too, or not?

21           MR. SINDLER: No. It's just the Board's decision.

22           VICE CHAIR AUERBACH: Just the Board?

23           CHAIRMAN WINNER: Yeah.

24           VICE CHAIR AUERBACH: Okay.

25           CHAIRMAN WINNER: I think that's right.

1 VICE CHAIR AUERBACH: Thank you.

2 MR. SINDLER: Uh-huh.

3 CHAIRMAN WINNER: Okay. When --

4 MR. DARUTY: I just --

5 CHAIRMAN WINNER: Okay. Go ahead.

6 MR. DARUTY: -- sorry, I'd like to mention one  
7 other thing. Eric mentioned stall applications. What I'm  
8 about to say isn't relevant for our fall meet, but I want to  
9 give a preview of the coming attractions for our winter  
10 meet.

11 As you all, I think, are aware, this summer in  
12 Northern California there has been a new policy implemented  
13 where trainers, depending on whether or not they start their  
14 horses, may potentially pay some stall rent. So if you use  
15 a stall all summer at Golden Gate Fields this summer but  
16 don't run one race or one start out of that stall, you would  
17 pay stall rent. That actually seems to be going well.

18 I got some numbers from Larry Swartzlander  
19 yesterday. It's CARF's stabling during the summer, so  
20 they're the ones who are overseeing it. But right now it  
21 appears like we've already achieved one start per stall for  
22 the Golden Gate Fields backside. Now that doesn't mean  
23 every horse has started, but it means there are a number of  
24 starts that equals the number of stalls. So given the  
25 initial --

1 CHAIRMAN WINNER: Number of starts per trainer  
2 that equals the number of stalls that the trainer has?

3 MR. DARUTY: Well, so if a trainer has ten  
4 stalls --

5 CHAIRMAN WINNER: Yeah. You have to have ten --

6 MR. DARUTY: -- that trainer needs to have ten  
7 starts.

8 CHAIRMAN WINNER: Right.

9 MR. DARUTY: It could be, you know --

10 CHAIRMAN WINNER: One horse three times.

11 MR. DARUTY: -- one horse starting three times.

12 CHAIRMAN WINNER: Another horse three times.

13 MR. DARUTY: Exactly.

14 VICE CHAIR AUERBACH: And was that the metric we  
15 wanted to see this time, one, because of the short meet?

16 MR. DARUTY: That was the metric because it was a  
17 new program, because it was the summer racing season where  
18 there are -- you know, we have a couple weeks here, a couple  
19 weeks there, we wanted to be very cautious in how we  
20 implemented it. And so the requirement this summer was one  
21 start for the summer.

22 So with that background, my point is we have been  
23 working with the TOC and the CTT and will continue working  
24 with those groups, but believe we are going to be  
25 implementing, in our December meeting, a similar type of

1 program in Southern California. Nothing has been decided  
2 exactly yet, but right now we're sort of leaning towards two  
3 starts per stall for our winter meet. That's a six-month  
4 period, so two starts per stall would factor --

5 VICE CHAIR AUERBACH: Is modest. I think it's  
6 modest.

7 CHAIRMAN WINNER: While we're -- while you're  
8 here, let me just also congratulate Santa Anita and Del Mar  
9 for having the Breeders' Cup agree to run in 2019 at Santa  
10 Anita and 2021 at Del Mar. It's --

11 MR. DARUTY: Thank you.

12 CHAIRMAN WINNER: -- it's great for California  
13 racing and it's great for the two tracks, so  
14 congratulations.

15 MR. DARUTY: Thank you.

16 (Applause.)

17 CHAIRMAN WINNER: And since we're congratulating,  
18 just an aside, I want to congratulate Drayden van Dyke on  
19 having seven wins --

20 VICE CHAIR AUERBACH: Wow. Yeah, that was  
21 something.

22 CHAIRMAN WINNER: -- on Sunday. What an  
23 achievement that was.

24 (Applause.)

25 CHAIRMAN WINNER: Okay.

1 MR. SINDLER: Yes. Just --

2 CHAIRMAN WINNER: Go ahead. I'm sorry.

3 MR. SINDLER: -- sorry, one more thing we would  
4 like to add. The Stronach 5, it used to be the Magna 5.  
5 The Stronach 5 is coming back. It's going to be a 12  
6 percent takeout. It is not going to be hosted in  
7 California. However, some California races will be used in  
8 the Stronach 5. So we just wanted to let everyone aware,  
9 it's going to be coming opening weekend of Santa Anita's  
10 fall meet.

11 CHAIRMAN WINNER: Thank you.

12 MR. SINDLER: So that's going to be raced from  
13 Laurel, Gulfstream and San Diego.

14 CHAIRMAN WINNER: Are there any questions? Okay.  
15 What we're going to do is I'm going to move for  
16 approval of the license and ask that you provide for us the  
17 TOC agreement as soon as you have it --

18 MR. DARUTY: Yes.

19 CHAIRMAN WINNER: -- hopefully soon, and that you  
20 provide for us, hopefully, a labor agreement as soon as you  
21 have it, and hopefully soon.

22 But with those caveats, I'm going to move  
23 adoption, approval of the license. Is there a second?

24 COMMISSIONER MASS: Second.

25 CHAIRMAN WINNER: Commissioner Mass seconds.

1 VICE CHAIR AUERBACH: Do you have language for it  
2 or --

3 CHAIRMAN WINNER: No. I'm moving approval of the  
4 license. The other language --

5 VICE CHAIR AUERBACH: Just pending on --

6 CHAIRMAN WINNER: -- is not a part of --

7 VICE CHAIR AUERBACH: Okay.

8 CHAIRMAN WINNER: The other points, the submission  
9 of those licenses, is -- of those agreements to the staff is  
10 not a part of the motion.

11 VICE CHAIR AUERBACH: Okay.

12 CHAIRMAN WINNER: It's a request.

13 VICE CHAIR AUERBACH: Okay.

14 CHAIRMAN WINNER: Okay. So as there's a motion,  
15 there's a second, any discussion?

16 Commissioner Choper?

17 COMMISSIONER CHOPER: Yes.

18 CHAIRMAN WINNER: Vice Chair Auerbach?

19 VICE CHAIR AUERBACH: Yes.

20 CHAIRMAN WINNER: Chairman votes yes.

21 COMMISSIONER MASS: Yes.

22 CHAIRMAN WINNER: Vice Chairman Mass -- or  
23 Commissioner Mass votes yes.

24 Thank you. Have a terrific meet.

25 MR. DARUTY: Thank you.

1 MR. SINDLER: Thank you.

2 CHAIRMAN WINNER: Okay, item number nine,  
3 discussion and action by the Board on the Application for  
4 License to Conduct a Horse Racing Meeting of the Big Fresno  
5 fair at Fresno, commencing October 3rd, 2018 through October  
6 16th, 2018.

7 Larry.

8 MR. SWARTZLANDER: Chairman, Commissioners, CHRB  
9 Executive Director and legal staff, Larry Swartzlander. I'm  
10 the Director of Racing for the Big Fresno Fair. I'm  
11 accompanied by Lauri King, who is the Deputy Fair Manager of  
12 Fresno. I'll give you the highlights on the operations  
13 side, and Lauri will fill in with the marketing part.

14 CHAIRMAN WINNER: Lauri is the one that gave us  
15 the cookies.

16 VICE CHAIR AUERBACH: The cookies.

17 CHAIRMAN WINNER: We'd rather hear from her.

18 VICE CHAIR AUERBACH: She's the cookie lady.

19 MR. SWARTZLANDER: Two cookies. Excuse me.

20 Fresno Fair will give away approximately \$1  
21 million in purses. It's a nine-day meet. It goes from  
22 October 3 to 16. We will have two incentive programs in  
23 place. Trainers who start -- have three starts will get  
24 \$300. If they have five starts, they'll get \$500. If they  
25 have ten starts, they'll get \$1,000. Also, out-of-state



1 trainers coming in will get \$150 for the first start and  
2 \$250 for the second start.

3           We'll have two stakes races at Fresno this year.  
4 One is \$100,000, Harris Stakes, which is a Cal-Bred, three-  
5 and-up, going six furlongs. And we have the Bulldog Stakes  
6 which is a \$50,000 race, three-and-up going a mile-and-an-  
7 eighth.

8           One highlight, too, and I don't know if currently,  
9 if you've been watching the Humboldt County Fair, other than  
10 Workman's Comp, we have a \$202,000 carryover in the  
11 Pentafecta. And we also have a \$40,000 Jackpot carryover in  
12 the Pick 6. Hopefully, those will roll into Fresno and  
13 continue to grow. And it has done a great -- it's been a  
14 great impetus in raising our handle at Sacramento and  
15 Humboldt.

16           Lauri?

17           MS. KING: Perfect. You all have our marketing  
18 plans. We included samples of what we're going to be doing.

19           For the Big Fresno Fair, our big focus is that we need to  
20 get in new betters, new enthusiasts. And we need to make it  
21 more of an exciting event for Fresno.

22           So we have added some infield events. We added a  
23 Craft Brew Festival last year, which was very successful.  
24 We're going to have a Wine Festival this year in conjunction  
25 with that. And then we've also added some private parties

1 out into that area. So the cookies that you received,  
2 everyone who has a private party, we do cookies for them and  
3 a whole individualized catering. And it's just a really  
4 neat day to get people out there and get them excited about  
5 racing.

6 We've also increased our digital media buy because  
7 that's where the folks we're trying to target are at. And  
8 we're looking at -- we're doing our Coaster Program again,  
9 and it will be going out to double the venues that it went  
10 out last year, so we'll have over 1,000 restaurants and bars  
11 in our area that those will be going out to.

12 CHAIRMAN WINNER: Thank you.

13 Any questions? Is there a motion?

14 Oh, Dr. Arthur.

15 EQUINE MEDICAL DIRECTOR ARTHUR: Mr. Chairman, Dr.  
16 Arthur, Equine Medical Director.

17 I want to point out, several years ago we had  
18 difficulties at the fairs where there was no veterinarian  
19 present when horses were training and horses were injured,  
20 and it took a long time to get a veterinarian on the  
21 grounds. That's when we implemented this Equine Emergency  
22 Services.

23 In this particular application, they list Dr.  
24 Frosty Franklin, who is the official veterinarian. I just  
25 talked to Dr. Franklin. Nobody's talked to him about

1 providing this service. I think we have to get a real list  
2 of who is going to be there 24/7, or at least when horses  
3 are on the grounds training. We're covered during races,  
4 otherwise. But I wouldn't hold up -- this up, but I'm going  
5 to paying closer attention to this particular part of  
6 applications in the future.

7 CHAIRMAN WINNER: Thank you, Doctor. That's a  
8 very good point.

9 Larry, do you want to respond to that?

10 MR. SWARTZLANDER: Yeah. Absolutely. And I've  
11 talked to Dr. Arthur about this at the -- two or three weeks  
12 before. And I've already looked at some of the vets we're  
13 going to have onsite too. But in the cases where we don't  
14 have a conditioning vet, that it's guaranteed to be there,  
15 we've had -- we've actually taken the fitness vet and paid  
16 them additional money to come in at six o'clock in the  
17 morning to make sure we have someone there. But there's  
18 also a list of vets already published of -- and they're  
19 contracted that they can come in any contingency. But the  
20 requirement is that there will be a vet onsite during the  
21 entire meet, starting from 6:00 in the morning until 6:00 at  
22 night.

23 EXECUTIVE DIRECTOR BAEDEKER: So this is very  
24 helpful. Doc is very much involved, involved with  
25 management. And clearly, there's a plan in place. And Dr.

1 Arthur, I'm sure, will notify Staff if any problem exists.  
2 But I think the presumption is that everything will be okay.  
3 That's what we're hearing.

4 MR. SWARTZLANDER: Yes.

5 EXECUTIVE DIRECTOR BAEDEKER: You'll have  
6 coverage?

7 MR. SWARTZLANDER: And I work with Dr. Arthur.

8 CHAIRMAN WINNER: Yeah. We need that.

9 MR. SWARTZLANDER: If there's an issue, I call him  
10 immediately.

11 CHAIRMAN WINNER: I'm in total agreement with Dr.  
12 Arthur. I think it's critical that we do have a vet there  
13 in the mornings at all times.

14 Okay, is there a motion?

15 COMMISSIONER MASS: So moved.

16 CHAIRMAN WINNER: Commissioner Mass moves.

17 COMMISSIONER CHOPER: Second.

18 CHAIRMAN WINNER: Commissioner Choper seconds.

19 Commissioner Choper?

20 COMMISSIONER CHOPER: Yes.

21 CHAIRMAN WINNER: Vice Chair Auerbach?

22 VICE CHAIR AUERBACH: Yes.

23 CHAIRMAN WINNER: Chairman votes yes.

24 Commissioner Mass?

25 COMMISSIONER MASS: Yes.

1 CHAIRMAN WINNER: Have a wonderful meet.

2 MR. SWARTZLANDER: Thank you, sir.

3 CHAIRMAN WINNER: Your license is approved.

4 VICE CHAIR AUERBACH: I just want know who wins  
5 the mascot contest this year?

6 MS. KING: I'm sorry, what was the -- who?

7 VICE CHAIR AUERBACH: I want to know who's going  
8 to -- who will win the mascot contest this year?

9 MS. KING: You never know. You never know.

10 VICE CHAIR AUERBACH: You'll have to let us know  
11 next year.

12 MS. KING: It is a lot of fun. You know, if you  
13 can't make it up to our meet, I recommend following us on  
14 our social media. We really do a lot of showcasing with our  
15 horse racing up on our social media, so --

16 EXECUTIVE DIRECTOR BAEDEKER: I tell you what --

17 MS. KING: -- it's a lot of fun.

18 EXECUTIVE DIRECTOR BAEDEKER: -- I've heard a lot  
19 of hype about opening Friday at the Fresno, Big Fresno Fair.  
20 What a big deal it was, how much fun it was and everything,  
21 and I thought it was just hype.

22 MS. KING: Yeah.

23 EXECUTIVE DIRECTOR BAEDEKER: I tell you what,  
24 it's a big party.

25 MS. KING: It's a religious.

1 EXECUTIVE DIRECTOR BAEDEKER: It's a lot of fun.

2 MS. KING: It's a religious? That's funny.

3 EXECUTIVE DIRECTOR BAEDEKER: If anybody can go, I  
4 think it would be worth the trip.

5 CHAIRMAN WINNER: Thank you.

6 MR. SWARTZLANDER: Thank you.

7 CHAIRMAN WINNER: Item ten, discussion and action  
8 by the Board on the Application for License to Conduct a  
9 Horse Racing Meeting of the public horse racing -- the  
10 Pacific Horse Racing Association -- I've got to put my  
11 glasses on -- at Golden Gate Fields, commencing October  
12 17th, 2019 through December 18th, 2018, inclusive.

13 And I think -- did you want to make a comment  
14 about the Board recommendations?

15 EXECUTIVE DIRECTOR BAEDEKER: Yeah. Mr. Chairman  
16 and Commissioners, ordinarily you see the outstanding -- or  
17 the list of outstanding items. And ordinarily Staff  
18 recommends that this be delayed. However, because of the  
19 significant items to be discussed, and also because of the  
20 timing, our next Board meeting is not until September 27th.  
21 So Staff is recommending that the Board does consider this  
22 application today.

23 CHAIRMAN WINNER: All right. Now this is not --  
24 we don't want to set a precedent here of having the  
25 associations come in late with their -- with all the

1 agreements. We're going to stick with the ongoing, the  
2 normal, procedure that we need to have these well in advance  
3 so that Staff can deal with them without having them come in  
4 at the last moment. In this case, because of the  
5 (indiscernible) situation that we have with respect to other  
6 issues under discussion, there's a possibility, depending on  
7 how the Board votes, that we'll waive that requirement for  
8 this particular situation.

9           So having said that, Rob, did you want to comment?  
10 Who's going to comment first?

11           MR. BRODNIK: I would like to, Chairman. Thank  
12 you.

13           CHAIRMAN WINNER: Please.

14           MR. BRODNIK: Robert Brodник, Staff Counsel,  
15 California Horse Racing Board.

16           Item number ten on the agenda addresses PRA's  
17 application for a meet at Golden Gate Fields from October  
18 17th through December 18th of this year. Staff has reviewed  
19 the application and submitted an analysis, which is before  
20 you, which addresses numerous items, some of which are still  
21 outstanding.

22           Specifically, I'd like to discuss the satellite  
23 wagering portion of the application. Specifically, in  
24 Section 12 of the Race Meet Application which addresses  
25 simulcast -- the simulcast wagering program, subsection (a)

1 requests from the association a simulcast organization which  
2 is engaged to conduct simulcast wagering. PRA's response in  
3 this portion of their application was not applicable.

4 Staff believes that pursuant to Rule 2058 of the  
5 CHRB a racing association may simulcast its racing program  
6 as the host association, either by forming its own simulcast  
7 organization, acting on its own behalf by contracting with  
8 each individual fair or racing association simulcast  
9 facility, or by contracting with an existing simulcast  
10 organization. If the association activities on its own  
11 behalf, it is still responsible for provisions of Rule 2060.

12 PRA is obligated to simulcast its racing program  
13 pursuant to the provisions in California Business and  
14 Professions Code section 19608. And Staff believes this is  
15 because the law mandates when an association makes more than  
16 \$1.5 in average daily handle, it must comply with this  
17 section, and PRA falls within that provision. PRA's  
18 application, as I discussed, under this subsection indicates  
19 that it is not applicable.

20 Staff believes that that conclusion or that  
21 position that they are putting forth means that they will  
22 then simulcast with each simulcast wagering facility, which  
23 would be required by the law. And Rule 2060 requires that  
24 the provide a copy of each operational agreement with each  
25 simulcast facility to the Board, and that is on the case



1 here.

2 In subsection (b) the application requests an  
3 applicant to attach an agreement between the association and  
4 the simulcast organization, permitting the organizations use  
5 of the live audio-visual signal for wagering purposes and  
6 providing access to its totalizator for the purposes of  
7 combining on-track and off-track pari-mutuel pools. Again,  
8 PRA's response in this application was not applicable.

9 Staff believes that PRA needs to provide the  
10 Board -- to the Board for approval a copy of each  
11 operational agreement it enters into with each satellite  
12 wagering facility. And in light of the fact that in their  
13 current application as submitted they have not done so,  
14 Staff believes this application to be complete at this --  
15 incomplete at this time. To comply, PRA will need to  
16 provide operational agreements with all eligible satellite  
17 wagering facilities.

18 In subsection (c) of this same portion of the  
19 application, the application requests the association to  
20 list the California simulcast facilities the association  
21 proposes to offer its live audio-visual signal to. And  
22 PRA's response under this subsection was Southern California  
23 only, with an attachment containing a list of only the  
24 Southern California satellite wagering facilities, notably  
25 leaving out Northern California.

1           Staff used this provision in their application to  
2 be in violation of the mandates of the rule and the law.  
3 Business and Professions Code 19608 requires an association  
4 which makes more than \$1.5 million in average daily handle  
5 to make its audio-visual signal available to authorize  
6 satellite wagering facilities. And furthermore, Rule  
7 2058(e) states that all wagers made available by a host  
8 association shall be made available to all simulcast  
9 facilities.

10           PRA is proposing to make its signal available to  
11 certain simulcast facilities only. And as discussed, Staff  
12 believes that this is prohibited by our rules and  
13 regulations, as well as law.

14           And furthermore, it is important to note that this  
15 is -- this, historically, has been an industry practice, to  
16 conduct simulcast wagering with all eligible simulcast  
17 locations throughout the state. And the application that's  
18 currently submitted would be a large departure from that  
19 because it would only include Southern California silent-  
20 wagering facilities.

21           I'd just like to remind the Board, as was  
22 discussed at the June Board meeting, the TOC indicated that  
23 in the event that that were to occur, that there would be a  
24 significant drop in handle to the horsemen because those  
25 satellite wagering facilities do provide handle.

1 I also wanted to bring to the Board's attention  
2 that under the Business and Professions Code 19401(c), one  
3 intent of the law and the Board which enforces it is to  
4 provide the maximum expansion of horse racing opportunities.  
5 And denying certain satellites access to the signal and to  
6 the totalizator would seem inconsistent with that intent of  
7 the law, which the Board is here to follow.

8 I wanted to also bring to the Board's attention,  
9 as I'm sure the Board is aware, that under 19480 of the  
10 Business and Professions Code the Board has the authority to  
11 issue a license if the Board determines that the issuance of  
12 that license would be in the public interest and would serve  
13 the purposes of the Horse Racing Law.

14 And I also would like to point out that under  
15 Business and Professions Code subsection 4 -- 19460, that  
16 section states that "All licenses are subject to the  
17 conditions prescribed by the Board and shall contain such  
18 conditions as are deemed necessary or desirable by the Board  
19 for the best interest of horse racing and for serving the  
20 purposes of the Horse Racing Law," again, as discussed, one  
21 of which is the maximum expansion of horse racing within our  
22 state.

23 If the Board were to feel that the application  
24 that is currently submitted is not in the public interest  
25 the Board could condition the application to achieve that

1 goal.

2           Previously, as was in the June Board meeting when  
3 an application of a similar nature was submitted, the Board  
4 heard testimony and conditioned PRA's application to include  
5 agreements with all Northern California simulcast wagering  
6 facilities so that those signals and those wagers would be  
7 included.

8           I also wanted to indicate that, as discussed,  
9 another purpose of the Horse Racing Law is the expansion of  
10 horse racing opportunities. And implicit in this purpose is  
11 the expansion of watching and wagering opportunities on live  
12 horse racing. Golden Gate Fields' application in its  
13 current form seeks to reduce the number of satellites that  
14 can accept a wager -- can accept a signal and wager on a  
15 live racing signal.

16           And I just bring this to the Board's attention  
17 because any reduction in the ability to view satellite -- or  
18 excuse me, to view live horse racing at a satellite facility  
19 would seem inconsistent with the purpose of expanding the  
20 opportunities for patrons. And again, I just mention this  
21 to indicate that the Board has the authority to condition  
22 any license as it sees appropriate to further the interest  
23 of the public or serve the purposes --

24           COMMISSIONER CHOPER: May I --

25           MR. BRODNIK: -- of the Horse Racing Law.

1           COMMISSIONER CHOPER:  -- may I interrupt you for  
2 just a moment please.

3           What is your response to that?  I'm just curious.

4           MR. DARUTY:  Commissioner Choper, we have a very  
5 different interpretation of the law.  Our position is  
6 that --

7           COMMISSIONER CHOPER:  Apart from the law, what do  
8 you think as a matter of policy?

9           MR. DARUTY:  As a matter of policy -- let me back  
10 up just one minute --

11          COMMISSIONER CHOPER:  Sure.

12          MR. DARUTY:  -- and then I'll get to your  
13 question.

14                 I personally attended a meeting of this Board in  
15 2010.  Now, the Board was different, different members, but  
16 the topic was satellite wagering.  And the industry was  
17 reprimanded by this Board because the satellite wagering  
18 network was out of date, underperforming and needed to be  
19 changed.

20                 And here we are in the year 2018 and we're still  
21 operating with the same satellite network, which continues  
22 to underperform and which we believe is still outdated.

23                 So we have a huge commitment in California racing.  
24 And we know for racing in California to be successful,  
25 people need to be able to watch the races and bet on the

1 races. We understand that and we would never do anything to  
2 undercut the ability of people to watch the races and bet on  
3 the races.

4 But from a matter of policy, I think saying that  
5 you have to have satellite wagering facilities, as they're  
6 defined and set up under California Law, is a little bit,  
7 today, like saying a bank has to have a huge brick-and-  
8 mortar office building where people come and stand in line  
9 and go up to a teller at a window to transact their  
10 business. Banks are still flourishing in the state of  
11 California, but most of it is via ATM machines and mobile  
12 transactions on our mobile device.

13 So we are trying to bring our industry into the  
14 modern era. We are going to make sure there is a plan in  
15 place that has full distribution of the signals and full  
16 opportunities for people to bet on them. And we even  
17 believe, by the way, a lot of this betting and watching will  
18 take place in some of the very same facilities that exist  
19 today, not all of them.

20 But as a matter of policy, people may certainly  
21 disagree with what we're doing, but just understand, we're  
22 doing it because we're trying to make things better.

23 COMMISSIONER CHOPER: And when are you going to  
24 finish all this?

25 MR. DARUTY: Well, we sort of have a chicken and

1 egg problem right now because --

2 COMMISSIONER CHOPER: Go ahead.

3 MR. DARUTY: -- right now the Board is telling us  
4 we have to operate a network of simulcast facilities under  
5 the existing law which, by the way, is over 30 years old and  
6 predates any sort of technology at all. And as long as  
7 we're forced to operate under that law, we don't have the  
8 ability, really, to implement anything different or new.

9 COMMISSIONER CHOPER: This is statute?

10 MR. DARUTY: Yes. So we believe that if the  
11 court, which is currently hearing this issue, rules in our  
12 favor, we will then be not required to contract with the  
13 satellite locations. Now, we wouldn't be prohibited from  
14 contracting with them, but we wouldn't be required. And at  
15 that point, we would be able to put in place a reasonable  
16 transition plan from the old technology and the old-world  
17 method of doing business to the new world.

18 COMMISSIONER CHOPER: And the only way to achieve  
19 that is through litigation of this sort?

20 MR. DARUTY: Well, I don't think so.

21 COMMISSIONER CHOPER: Or a new statute?

22 MR. DARUTY: I believe that the easiest way would  
23 have been --

24 COMMISSIONER CHOPER: That's it.

25 MR. DARUTY: -- for this Board --

1 COMMISSIONER CHOPER: That's it now.

2 MR. DARUTY: -- to agree with our legal analysis,  
3 but that did not happen. We have two differing views, both,  
4 admittedly, in good faith, and so we need a judge to rule.  
5 Now if the judge rules in our favor, then I think the issue  
6 is resolved. If the judge rules against us, then it's  
7 incumbent upon us to go build support within the industry  
8 and get the law changed in a way that allows us to adopt new  
9 technology and adapt into the future.

10 COMMISSIONER CHOPER: Is arbitration not a  
11 possibility on this?

12 MR. DARUTY: Unfortunately, this one, I don't  
13 think arbitration would work.

14 VICE CHAIR AUERBACH: Huh-uh.

15 CHAIRMAN WINNER: No.

16 COMMISSIONER MASS: Mr. Chair, could I ask a  
17 question?

18 COMMISSIONER CHOPER: Compulsory arbitration  
19 wouldn't work?

20 MR. DARUTY: No, because the issue is whether you  
21 are going to require us to use the old, outdated method of  
22 doing business.

23 CHAIRMAN WINNER: Our --

24 COMMISSIONER CHOPER: I don't think we'd want to  
25 do that. I mean, I'm serious. Why do you say that?



1 MR. DARUTY: Well, I can't predict the future, but  
2 I have a feeling in a few minutes, you're going to impose  
3 that requirement on us.

4 COMMISSIONER MASS: So, Mr. Chair, could I just  
5 ask a question?

6 CHAIRMAN WINNER: Sure.

7 COMMISSIONER MASS: So you've been at this since  
8 2010. And every year you've come back with a license in  
9 which this is a requirement of your license.

10 What has happened within the satellite network  
11 that you, as one of the principle players, have done to try  
12 to rectify it that hasn't between '10 and 2018?

13 MR. DARUTY: Well, that's a good question. So  
14 there have been a lot of effort, and not just by us, by  
15 everybody in the industry, the TOC and the horsemen and the  
16 CTT, as well, and even the fairs at various times have tried  
17 to make improvements. But let me give you two examples.

18 First of all, our current law that we operate  
19 under gives every existing satellite facility a 20-mile  
20 radius around it, which is its protected area. We, as an  
21 industry, I'm not just saying the Stronach Group, but others  
22 have tried to open various satellite facilities that we  
23 thought, as an industry, would be good, but they get blocked  
24 because it's in somebody's 20-mile radius. Or the person  
25 whose 20-mile radius is being impinged upon says, well, I've

1 waive my radius, but I want X dollars in exchange. So  
2 it's -- the system we're operating under is prohibiting  
3 growth of the ADWs.

4 Now let me give you another example.

5 EXECUTIVE DIRECTOR BAEDEKER: It's prohibiting  
6 growth, not the ADWs but the --

7 MR. DARUTY: I apologize. Of the --

8 EXECUTIVE DIRECTOR BAEDEKER: -- the  
9 minisatellites.

10 MR. DARUTY: -- of the OTB network.

11 EXECUTIVE DIRECTOR BAEDEKER: Minisatellites.

12 MR. DARUTY: Yeah. I apologize.

13 The other example I'd like to cite is there was a  
14 recent event where one of the satellite facilities in  
15 Southern California wanted to shut down on a weekend because  
16 they wanted to host another event, and they didn't want to  
17 be open for horse race wagering. And this Board intervened  
18 and insisted that they be open, which they were, but they  
19 charged patrons, including horse betting customers, \$20.00  
20 to get into the facility. So how many horse players do you  
21 think showed up at that facility and went in?

22 And yet that facility is being rewarded. They're  
23 getting pieces of revenue that they have nothing to do with  
24 generating. They're getting a piece of revenue of account  
25 wagering that takes place in Southern California. It's

1 being funneled under the existing statue, which is all a  
2 very complicated web, but there's money being funneled to  
3 them. I think that that's --

4 EXECUTIVE DIRECTOR BAEDEKER: But, Scott, isn't it  
5 fair to say that that ADW impact fee, if you will, that's  
6 paid to the satellites is paid according to the slice of  
7 that satellites pie? So if the satellite is discouraging  
8 patrons from coming to its site, then their handle at that  
9 site is dropping, and then their share of the impact fee is  
10 also dropping; right?

11 MR. DARUTY: Yeah, it drops. It does, it drops  
12 over time, so they'll still get the same this year. But  
13 next year, they might get a little bit less because they  
14 weren't open for that weekend.

15 My point is, as the operator of a racetrack, I  
16 would think that we would have the ability to say to  
17 somebody, if you're not going to be open on an important  
18 weekend that's important to us as an industry, if you're not  
19 willing to be open, then let's sever our relationship and  
20 let us go find a different location that wants to be open  
21 and do the business the way the industry wants it to be  
22 done. We don't have that flexibility under the law as it is  
23 being interpreted by this Board, and that's one of the  
24 things we object to.

25 EXECUTIVE DIRECTOR BAEDEKER: This may predate

1 you, and forgive me for venting, I still have chips on both  
2 shoulders, but I was doing the minisatellite business  
3 development and had a spot in Burbank, just within the 20  
4 miles, and I couldn't get a waiver from Santa Anita. So  
5 maybe that's changed lately, well, I know there's different  
6 management, different thinking, but I agree with you, that  
7 it's very frustrating. But if the industry hadn't agreed to  
8 that provision, we wouldn't have ADW.

9 MR. DARUTY: And that's, Executive Director,  
10 that's a good point because a lot of people say that to me.  
11 But I guess here's my point, again, the year is 2018. The  
12 ADW Law passed in 2001. So this subsidy, this impact fee,  
13 has been paid for 17 years to these facilities. How long  
14 does that subsidy go on, another 17 years? If we're sitting  
15 here in the year 2035, should they still be getting an  
16 impact fee?

17 And remember, what we're talking about is, it's a  
18 technology fee; right? We're telling the horse racing  
19 industry that if somebody wants to use a mobile phone to  
20 place a bet, that creates an impact that has to go to a  
21 brick-and-mortar facility. It's just -- to me, it's sort of  
22 mindboggling that we're still doing that, in light of every  
23 other technological advance in every other business.

24 CHAIRMAN WINNER: But Scott --

25 COMMISSIONER MASS: Which is really, what my --

1 what I'm hearing is a statutory problem --

2 CHAIRMAN WINNER: Yeah, it's a statutory issue.

3 COMMISSIONER MASS: -- that needs to get -- that  
4 needs to probably -- that needs to get fixed.

5 CHAIRMAN WINNER: That's what I was going to say.

6 COMMISSIONER MASS: But if you fixed -- if you  
7 fixed the geography, if we could waive a magic wand and say  
8 it's now ten-mile restrictions or change some of the  
9 formulations that you're talking about, it really wouldn't  
10 solve the bigger problem, which is the methodology that  
11 people are using for betting radically changing over time.  
12 And there are bigger issues, I think, that probably need to  
13 be looked at from a statutory level that would address all  
14 these problems.

15 Because I think in 2010 or '11 when you were here  
16 you said, fine, we'll lift -- we'll move the restriction  
17 from 20 miles to 10 miles, it wouldn't solve our problem  
18 today. It would be there. And there's a number of these  
19 things within the administration of the network, probably,  
20 that might get fixed, but it still doesn't solve some of the  
21 statutory issues that, perhaps, need to be addressed.

22 MR. DARUTY: Yeah, and I agree with that, but  
23 here's the fundamental difference in our view, we don't  
24 think the statute needs to be changed. We think it can be  
25 used. There's two different regimes, two different

1 statutory regimes for wagering in the state of California.  
2 One is the OTB statute and the other is the account wagering  
3 statute. Now we don't believe that we're required to use  
4 the OTB statute; you do, as a Board, and you imposed that  
5 condition upon us. But if the court interprets the law the  
6 way we believe it was written, we're not required to use the  
7 OTB Law.

8 COMMISSIONER CHOPER: When was that?

9 MR. DARUTY: Pardon me?

10 COMMISSIONER CHOPER: When did the Board do that?

11 MR. DARUTY: Well, you did it on the meet that we  
12 have --

13 CHAIRMAN WINNER: Yeah.

14 MR. DARUTY: -- that started --

15 CHAIRMAN WINNER: Actually, we've done it.

16 VICE CHAIR AUERBACH: That's -- we've done this.

17 CHAIRMAN WINNER: Yeah.

18 VICE CHAIR AUERBACH: It's in court.

19 CHAIRMAN WINNER: It's in court now.

20 VICE CHAIR AUERBACH: It's in court.

21 COMMISSIONER CHOPER: Oh, it's in court?

22 VICE CHAIR AUERBACH: Yeah. It's already in  
23 court.

24 COMMISSIONER CHOPER: Well, that takes care of  
25 that.

1           CHAIRMAN WINNER: We voted at the -- when we  
2 pulled the last license, we voted contingent on. And we  
3 were able -- and the Stronach Group agreed to the  
4 contingencies and reached an agreement with the fairs, et  
5 cetera, and the CARF and the satellites. And at least we  
6 were able to move ahead, until the court makes its  
7 determination.

8           I happen to agree with Commissioner Mass, that  
9 regardless of what the court does, at some point some of  
10 these laws, I mean, the statutes need to be amended or  
11 changed in an effort to modernize them. I mean, I don't  
12 think there's any disagreement, at least on my part, that  
13 there are certain things within the statutes that probably  
14 should be looked at and brought current in terms of how  
15 people wager today, et cetera.

16           But there are other issues involved, including our  
17 interpretation of the statutes, but also the question as to  
18 what impact that would -- your request would have on handle,  
19 et cetera, and whether people would migrate ipso facto, you  
20 close, you know, you close the satellites, are they on --  
21 are those people going to go to their -- to the ADWs? So  
22 far the evidence, at least in the few cases where satellites  
23 have closed, doesn't indicate; the evidence is not clear.  
24 If anything, it indicates that we lose a lot of customers,  
25 so --

1 MR. DARUTY: May --

2 CHAIRMAN WINNER: But nonetheless, I mean, I'm not  
3 trying to debate the point because the courts are going to  
4 decide.

5 And what we need to decide today is whether we  
6 approve this license so that you can have a meet at Golden  
7 Gate. That's the number one concern. And my guess is, and  
8 I have some language here, that at least I'm going to  
9 propose a motion that's very similar to the motion that we  
10 passed last time and so that we can get the meet going, and  
11 that we -- I don't think any of us can predetermine what the  
12 court is going to say. And once the court makes its  
13 decision, then we can revisit the issue.

14 MR. DARUTY: May I address one point?

15 CHAIRMAN WINNER: Please.

16 MR. DARUTY: Because I want it clear. I don't  
17 know if there's this confusion on the Board, but I've heard  
18 this confusion from others. When we say we think that we  
19 should operate under the ADW Law, people get in their mind  
20 that means there's no brick-and-mortar location like this  
21 where people show up, it's all done by people at home or  
22 somewhere else on their mobile phone. And they also say,  
23 oh, well, the Stronach Group owns Xpressbet, so that's why  
24 they're doing it. They're going to make money at Xpressbet.  
25 That is not the plan. That is not the intent.



1           Our intent would be you would still have  
2 facilities like this. In fact, we hope this is one facility  
3 that would still exist and still be open for people to come  
4 and sit and have a social experience and watch the races and  
5 bet. We're just saying that the law, the structure of the  
6 law, is that the bets here would be ADW bets, rather than  
7 traditional OTB bets. And we have offered, and I'll say it  
8 publicly here on the record, Xpressbet would geolocate the  
9 bets here and not take any profit out of the bet, leave that  
10 money here in the industry for the California racetracks and  
11 the California purses.

12           So I just want to make sure that people --

13           CHAIRMAN WINNER:    Yeah.

14           MR. DARUTY:   -- don't think this is just some play  
15 to make a bunch of money at Xpressbet.

16           CHAIRMAN WINNER:   Right. I think you made that  
17 point last time, and maybe Eric did, and we appreciate that.

18           Any other discussion?

19           VICE CHAIR AUERBACH:  No. The only thing I was  
20 going to say before we move on to vote on this is the  
21 elephant in the room is that the governing regulations for  
22 racing are archaic and we need the legislation to be  
23 changed.

24           Now I don't know which segment of the industry  
25 needs to lead the charge. But obviously, as an industry, to

1 get these things done, we need to do something. And I'm not  
2 voting for me, that's for darn sure, but I don't know who it  
3 is --

4 CHAIRMAN WINNER: I could vote for you.

5 VICE CHAIR AUERBACH: No. I know you could, but  
6 you're not going to because I'm not running.

7 The point is, is that the rules that we operate  
8 under are archaic and do not serve the community, and that's  
9 what this issue is really about. Yeah, we're doing this  
10 little adjusting now, and we're in court and the court will  
11 give us guidance. But it's giving us guidance on rules  
12 that, really, don't really apply to racing in 2018.

13 So I don't know when the industry leaders from the  
14 TOC and the CTT and whomever are going to get together and  
15 say, boy, we really need to go to Sacramento and move some  
16 of these things around. Just a thought.

17 EXECUTIVE DIRECTOR BAEDEKER: Just if I could add  
18 just a point there to be clear, there's been a conversation  
19 here about the 20-mile radius and the ADW impact fee and  
20 different things like that, that are 17 years old and so  
21 forth. But I think we should separate those issues from our  
22 belief, Staff's belief, our legal counsel's belief that  
23 these statutes that do apply to satellite wagering, maybe  
24 they've been on the books for a long time --

25 CHAIRMAN WINNER: But they're there.

1 EXECUTIVE DIRECTOR BAEDEKER: -- but it doesn't  
2 make them inapplicable.

3 VICE CHAIR AUERBACH: No.

4 CHAIRMAN WINNER: Right.

5 VICE CHAIR AUERBACH: Right.

6 EXECUTIVE DIRECTOR BAEDEKER: Right. Just for  
7 clarification.

8 CHAIRMAN WINNER: That's the Attorney General --

9 VICE CHAIR AUERBACH: No. You know --

10 CHAIRMAN WINNER: -- right?

11 VICE CHAIR AUERBACH: -- that's what I saying,  
12 Rick, we have these rules and we have to play by the rules.

13 CHAIRMAN WINNER: Right.

14 VICE CHAIR AUERBACH: What I'm suggesting is --  
15 I'm not suggesting a weakening of our position in any  
16 fashion. We have to play by the rules that are here.

17 CHAIRMAN WINNER: Right. And --

18 VICE CHAIR AUERBACH: What I'm suggesting is --

19 CHAIRMAN WINNER: That the rules need to be  
20 changed.

21 VICE CHAIR AUERBACH: -- is that the rules that  
22 are here don't serve the industry. And it's up to the  
23 industry to get together and figure out how to put in rules  
24 that work in today's world.

25 CHAIRMAN WINNER: Right.

1 VICE CHAIR AUERBACH: And that's where the problem  
2 is.

3 CHAIRMAN WINNER: Well, and let me just clarify  
4 that a lot of these, what you are calling rules, are  
5 statutes.

6 VICE CHAIR AUERBACH: Statutes. I'm sorry.

7 CHAIRMAN WINNER: So they're laws and not rules.

8 VICE CHAIR AUERBACH: I'm using it incorrectly.  
9 I'm sorry.

10 CHAIRMAN WINNER: They're not CHRB Rules.

11 VICE CHAIR AUERBACH: No.

12 CHAIRMAN WINNER: There are some CHRB Rules that  
13 apply, but the changes that will have to be made are  
14 statutory changes --

15 VICE CHAIR AUERBACH: Right.

16 CHAIRMAN WINNER: -- and that requires  
17 legislation, and that's important to point out. We're not  
18 talking about rules, in most cases.

19 VICE CHAIR AUERBACH: Right. I'm sorry.

20 CHAIRMAN WINNER: We're talking about statutes,  
21 the laws.

22 VICE CHAIR AUERBACH: I misused the word.

23 COMMISSIONER CHOPER: It does. And maybe the  
24 ideal legislation is to authorize things to be -- there's a  
25 lot more to be done by means of a rule and not by

1 legislation. I don't know if anyone is thinking about that,  
2 but you really are rolling the dice when you rely on  
3 legislation to get something through. First, you get  
4 everybody together and get their attention and so forth, and  
5 it's not easy, as you well know. So it's a lot easier if  
6 these were just rules.

7 VICE CHAIR AUERBACH: But they're not.

8 CHAIRMAN WINNER: But they're not.

9 COMMISSIONER CHOPER: Then you can follow the  
10 rules here, follow the rules before the Boards and so forth,  
11 and you win some and you lose some, but at least it will get  
12 done.

13 Anyway, that's what I think.

14 CHAIRMAN WINNER: I agree. Whatever we can do  
15 together as an industry to, within the law, to make changes  
16 that are progressive, let's say, that bring the laws more in  
17 accord with the times, that would be terrific. I'm not sure  
18 that some of the issues that we're dealing with today can be  
19 changed by rule or dealt with by rule. They'll have to be  
20 dealt with by statutory change.

21 VICE CHAIR AUERBACH: Yeah.

22 CHAIRMAN WINNER: Assuming, I was going to say,  
23 assuming that we are -- that we win in court, you're going  
24 to have to make -- those changes will have to be made  
25 through legislation. Even if you win in court, I think it's

1 incumbent among the industry to get together and look to  
2 see, all right, now we know what the court has determined,  
3 how can we get together and do what's in the best interest  
4 of racing going forward.

5 All right, I move to approve the race meet license  
6 to PRA for the dates of October 17th through December 18th,  
7 2018, contingent on the receipt of agreements with each  
8 satellite wagering facility in Northern California, as  
9 required by law, including the TOC Horsemen's Agreement and  
10 all other outstanding items mentioned in the staff analysis  
11 by the close of business on September 10th, 2018. This  
12 motion is being made as these contingencies are in the  
13 public interest and serves the purpose of horse racing law.  
14 That is my motion.

15 Is there a second?

16 VICE CHAIR AUERBACH: Second.

17 MR. BRODNIK: If I can just --

18 CHAIRMAN WINNER: Vice Chair Auerbach seconds.

19 Rob?

20 MR. BRODNIK: My apologies, Chairman. Just one  
21 other item. I just didn't want it to slip through the  
22 cracks. I know this issue was a bigger issue last time.

23 But similar to the LATC II application, the PRA  
24 application is also changing their wagering program to  
25 include the definitions of unique, and they are the same as

1 they were in the LATC II. I just wanted to bring that so  
2 the Board's aware of the motion.

3 CHAIRMAN WINNER: Thank you. I think that was in  
4 the book, as well.

5 All right, there's a motion and a second. Any  
6 further discussion?

7 Commissioner Choper?

8 COMMISSIONER CHOPER: Yes.

9 CHAIRMAN WINNER: Vice Chair Auerbach?

10 VICE CHAIR AUERBACH: Yes.

11 CHAIRMAN WINNER: Chair votes yes.

12 COMMISSIONER MASS: Yes.

13 CHAIRMAN WINNER: Commissioner Mass --

14 COMMISSIONER MASS: Yes.

15 CHAIRMAN WINNER: -- votes yes.

16 Have a good meet, guys. Try to get us those as  
17 soon as you can.

18 MR. DARUTY: Thank you.

19 CHAIRMAN WINNER: Thank you.

20 Okay, item number 11, discussion and action by the  
21 Board on the Application for License to Conduct a Horse  
22 Racing Meeting of Watch and Wager, LLC at Cal Expo,  
23 commencing October 20th, 2018 through December 23rd, 2018,  
24 inclusive.

25 Gentlemen.

1 MR. CUMMINGS: Good morning. Ed Cummings,  
2 President of Watch and Wager. Yeah, we're up now,  
3 unbelievable, for our seventh year for a race application  
4 for the fall. Just a couple of comments. I'm sure you've  
5 got a lot of questions.

6 But Watch and Wager remains strongly committed to  
7 Cal Expo and our harness racing operations there. As you  
8 know, we have a strong management agreement with Golden Bear  
9 Racing, Mr. Chris Schick and Ben Kenney and the team, and  
10 are fully supportive of that.

11 And if you've got any questions, please let us  
12 know.

13 CHAIRMAN WINNER: I think there are some  
14 outstanding items, are there not, Jackie? The bond?

15 MS. WAGNER: The bond has been -- Jackie Wagner,  
16 CHRB Staff.

17 CHAIRMAN WINNER: Wait a minute. Can you step up,  
18 Jackie? I'm sorry.

19 (Colloquy between Chairman Winner and Vice Chair  
20 Auerbach)

21 MS. WAGNER: Jackie Wagner, CHRB Staff.

22 The bond, as noted in the analysis, has been  
23 received. We still have the ADW agreements for TVG and  
24 TwinSpires. They are set to expire in October 2018.

25 CHAIRMAN WINNER: Oh, TwinSpires, of course, we've



1 had that discussion. I assume the same issue applies to  
2 Watch and Wager with TwinSpires, as it does to everybody  
3 else, or not?

4 MR. SCHICK: Good morning, Chairman Winner,  
5 Members of the Board, Chris Schick, Watch and Wager.

6 No. No, I don't believe it does. Our agreement  
7 expires about two months from now and I don't anticipate  
8 having any problems. We went down that road with TwinSpires  
9 a number of years ago. And since that period, we haven't  
10 had any issues with them.

11 CHAIRMAN WINNER: And TVG?

12 MR. SCHICK: And TVG, I don't expect any issues  
13 with them, either, regarding those items, which obviously  
14 are going to -- they will expire before our meet starts, but  
15 they're quite a ways away at this point.

16 If I could --

17 CHAIRMAN WINNER: Please.

18 MR. SCHICK: -- impose upon the Board for just a  
19 couple of brief comments? I wanted to talk -- take a step  
20 back and just talk about the last meet.

21 We, obviously, we had a very, very safe meet. We  
22 had no fatalities. We had no breakdowns. We had no  
23 accidents on the track, the second year in a row --

24 VICE CHAIR AUERBACH: Right.

25 MR. SCHICK: -- and we'll kind of knock wood on

1 that. It was a very, very safe meet.

2 As Executive Director Baedeker pointed out at the  
3 July meeting, we did have a rough meet handle-wise. We were  
4 down over five percent. And I want to address a couple of  
5 those things that happened last meet, and we're obviously  
6 hoping don't happen this meet, but there were a couple of  
7 issues.

8 But the big issue was our horse population,  
9 clearly. We ran 59 less races last year. And our field  
10 size dropped from 7.7 to 7.4, so that was obviously a big  
11 impact. We actually ran eight-and-a-half percent less races  
12 than we did the year before, and we had five-and-a-half  
13 percent less handle. So those numbers indicate that our  
14 handle per race was actually up, which it actually was. So  
15 there was kind of a little bit of a silver lining there.  
16 And that silver lining is that we've been able to increase  
17 the purses starting this meet at an eight percent rate,  
18 despite our decrease in handle last year. Obviously, it  
19 bruised us a little as an operator.

20 The other things that happened was Hawthorne ran a  
21 winter meet against us, which didn't happen last year. So  
22 we had a major competitor come into the marketplace in  
23 January and February. They're not going to be in the  
24 marketplace this year. And we had that total string of  
25 nor'easters last year where we lost our import program, five

1 nights within a span of probably, you know, a month. And  
2 then the East Coast satellites were shuttered at night, so  
3 that also had an impact. So there were kind of things out  
4 there.

5 I just what to say, in addition to the purse  
6 increase that we're proposing going forward, Jimmy Perez,  
7 the Executive Director of the CHHA, who is here today, Ben  
8 and myself, we've been out strongly recruiting. We have a  
9 partnership with the CHHA regarding a new horse incentive  
10 program, which is part of the package. We've kind of  
11 double-downed on that. We know our whole issue is,  
12 obviously, getting enough product here, getting enough  
13 horses and recruiting.

14 So we hosted a luncheon up in Calgary at the end  
15 of June. It was attended by over 60 people. We then did a  
16 Midwest road trip. We started in Hoosier Park in  
17 Indianapolis. We went on to Chicago, and then wound up in  
18 Minneapolis. And we still -- we're heading Lexington this  
19 month as the final leg.

20 So we know exactly what we need to do in our mind.  
21 We need to -- we need to get our purses higher and recruit  
22 more horses and get our base more energized.

23 So I appreciate the Board's indulgence in allowing  
24 me to state what, you know, obviously what we're doing going  
25 forward for the Standardbred industry.

1 CHAIRMAN WINNER: Thank you, Chris.

2 Are there any questions for Chris? Is there a  
3 motion?

4 VICE CHAIR AUERBACH: So move.

5 COMMISSIONER MASS: Second.

6 CHAIRMAN WINNER: Moved by Vice Chair Auerbach.  
7 Seconded by Commissioner Mass.

8 Commissioner Mass?

9 COMMISSIONER MASS: I do believe that it be  
10 contingent on the remainder of those documents, so per the  
11 Staff recommendation.

12 CHAIRMAN WINNER: Pardon me? You move it with --

13 COMMISSIONER MASS: With that --

14 CHAIRMAN WINNER: -- on the condition of the  
15 outstanding items --

16 COMMISSIONER MASS: Yes. Correct.

17 CHAIRMAN WINNER: -- be received? Thank you.

18 So the motion is that the license be approved  
19 conditional on the outstanding items being submitted. I  
20 think there are only the two outstanding items now, and that  
21 would be TwinSpires and TVG. Okay.

22 Commissioner Choper?

23 COMMISSIONER CHOPER: Yes.

24 CHAIRMAN WINNER: Vice Chair Auerbach?

25 VICE CHAIR AUERBACH: Yes.

1 CHAIRMAN WINNER: Chairman votes yes.

2 COMMISSIONER MASS: Yes.

3 CHAIRMAN WINNER: Commissioner Mass votes yes.

4 Have a terrific meet, guys. Good luck.

5 MR. SCHICK: Thank you.

6 VICE CHAIR AUERBACH: Good luck.

7 MR. CUMMINGS: Thank you.

8 CHAIRMAN WINNER: All right, item number 12,  
9 public hearing and action by the Board regarding the  
10 proposed amendment to CHRB Rule 1843.2, Classification of  
11 Drug Substances, to update the CHRB classification to  
12 Foreign Substances listing. This concludes the 45-day  
13 public comment period. The Board may adopt the proposal as  
14 presented.

15 Is it Rob or Dr. Arthur?

16 MR. BRODNIK: I'll begin, if Dr. Arthur is all  
17 right with that. Good morning, Chairman. Robert Brodник,  
18 California Horse Racing Board.

19 1843.2, which classifies the penalty listing, will  
20 be brought up to date with the ARCI model. Historically,  
21 the Board has followed the ARCI's guidance with regard to  
22 this. And there are some changes that have been -- that  
23 have gone in the last few years, so this updates these  
24 penalties.

25 And there were no comments during the 45-day

1 comment period.

2 CHAIRMAN WINNER: Dr. Arthur?

3 EQUINE MEDICAL DIRECTOR ARTHUR: I really have  
4 nothing to add. This is RCI language, except for cobalt  
5 between 25 and 50. We use the RMTTC recommendation. And  
6 Phil Laird changed some of the language on certain drugs  
7 that are Class A. Those are cocaine, morphine,  
8 methamphetamine. We added Zilpaterol and ractopamine that  
9 the stewards are allowed to plea those down or actually have  
10 those result in Class B penalties if the evidence indicates  
11 they were accidental, environmental or dietary  
12 contamination.

13 Other than that, it's been changed to an  
14 alphabetical order, which I think is more user friendly for  
15 the horsemen.

16 And this happens every year. We need to get a  
17 little bit easier process in updating this list, but this  
18 is -- I think it will be a lot easier for people to  
19 understand.

20 CHAIRMAN WINNER: Thank you.

21 Any questions? A motion?

22 COMMISSIONER CHOPER: So moved.

23 CHAIRMAN WINNER: Commissioner Choper moves to  
24 approve.

25 COMMISSIONER MASS: Second.

1 CHAIRMAN WINNER: Commissioner Mass seconds.  
2 Commissioner Choper?  
3 COMMISSIONER CHOPER: Yes.  
4 CHAIRMAN WINNER: Vice Chair Auerbach?  
5 VICE CHAIR AUERBACH: Yes.  
6 CHAIRMAN WINNER: Chairman votes yes.  
7 Commissioner Mass --  
8 COMMISSIONER MASS: Yes.  
9 CHAIRMAN WINNER: -- votes yes.  
10 Thank you very much, gentlemen.  
11 Report from the Medication, Safety and Welfare  
12 Committee.  
13 VICE CHAIR AUERBACH: Okay. The Medication,  
14 Safety and Welfare Committee held their meeting on July  
15 20th, 2018. Alex and I conducted this meeting and we were  
16 very pleased by the cooperation shown by horsemen and  
17 veterinarians, which led to productive discussions and  
18 consensus on all of the items.  
19 First, we discussed the ARCI Model Rules regarding  
20 trainer treatment records, vet's list, corticosteroids, and  
21 horses ineligible. Dr. Arthur gave a brief report  
22 indicating that he will be bringing some of these matters  
23 before us in the coming months in greater detail.  
24 Next, we discussed a proposed amendment rule to  
25 require the transfer of medical records from claimed --

1 sorry, I stapled in the middle of it -- from claimed horses.  
2 The main goal is for rapid and accurate sharing of  
3 information on joint injections. We decided to have two  
4 form options. One form addressing joint medication -- joint  
5 injections will be mandatory. The other will be an optional  
6 form dealing with substantive issues that should be shared,  
7 including vaccination records, other medical conditions,  
8 bouts of colic and so forth.

9           The official veterinarians will mail these  
10           confidentials digitized forms to the attending  
11           veterinarians. They are designed to be simple to fill out.  
12           This method, along with regulatory language, effectively  
13           deals with the issues of confidentiality of health records.

14           We asked stakeholders to communicate any  
15           suggestions to Staff so that this rule could move forward as  
16           quickly as possible.

17           Next, we discussed a Disaster Plan report for  
18           CHRB-regulated facilities designed to reduce risks to  
19           animals and humans, as well as damage to property and  
20           operations. I think this took on a particular importance  
21           because of the recent fire that we had at San Luis Rey, and  
22           it's like a wake-up call. We need to look at all of our  
23           facilities and have appropriate disaster plans available for  
24           all of them.

25           Dr. Grande gave us a presentation that outlined a



1 disaster plan template that emphasizes preparedness and  
2 response. This report in general -- is general in nature  
3 and provides steps that individual facilities should follow  
4 in developing site-specific plans.

5 Rick Baedeker recommended forming a committee that  
6 should include racetrack and backstretch representatives to  
7 continue working on this plan. Once the CHRB is fully  
8 satisfied with this plan, we will send it to all facilities  
9 and work with them to develop it.

10 And I believe that I mentioned that Fred --  
11 Commissioner, excuse me, Commissioner Mass --

12 COMMISSIONER MASS: Fred is fine.

13 VICE CHAIR AUERBACH: -- would head that,  
14 spearhead that effort up for us to make sure that there is  
15 follow through and that we have this plan implemented for  
16 all of the facilities that we're responsible for. We're  
17 responsible for a lot of lives, human and equine. And we  
18 should have --

19 COMMISSIONER MASS: I appreciate it. I reached  
20 out to the San Diego Zoo, who has a disaster plan, both for  
21 the Zoo and for the Wild Animal Park, to see if we can get a  
22 copy of their disaster plan --

23 VICE CHAIR AUERBACH: Well, that's a good idea.

24 COMMISSIONER MASS: -- to see what they did for  
25 their animals there.

1 CHAIRMAN WINNER: Yeah. It's also -- I should  
2 also mention that Executive Director Baedeker and I met with  
3 the Fire Marshal at the -- the Arcadia Fire Marshal --

4 EXECUTIVE DIRECTOR BAEDEKER: Fire Chief.

5 CHAIRMAN WINNER: -- Fire Chief, yeah, and spent a  
6 good deal of time with him and some of his men and women.  
7 And we're planning to do that throughout the state, so that  
8 we have an understanding of what, at least from the  
9 standpoint of fire, what the current plan is.

10 They do have, at least we believe based on what we  
11 were told, that there are evacuation plans for both humans  
12 and equine, and their constant observance for possibility of  
13 fire spreading into the track is pretty, pretty impressive  
14 and that they are certainly on top of it.

15 VICE CHAIR AUERBACH: That's great to hear. I  
16 think that the Medication Committee, the Medication and  
17 Track Safety Committee should make sure this comes up on the  
18 agenda very frequently so that we can do our due diligence  
19 to --

20 CHAIRMAN WINNER: Right.

21 VICE CHAIR AUERBACH: -- to make sure and get  
22 reported on it periodically. And, you know, every few  
23 months, I think, we really should know --

24 CHAIRMAN WINNER: Right.

25 VICE CHAIR AUERBACH: -- what is going on where,

1 and so that people are not -- it's tough enough when you  
2 know what you're doing to, you know, to react. When you  
3 don't know what you're doing it's -- then panic ensues and  
4 everybody gets hurt.

5 CHAIRMAN WINNER: Right.

6 VICE CHAIR AUERBACH: So --

7 CHAIRMAN WINNER: And just one other point, to  
8 follow up on that. As you know, following the fire at San  
9 Luis Rey, we had a special meeting for the purpose of  
10 determining what we can do to ensure it doesn't happen  
11 again.

12 And the other thing that I can report on is that  
13 at San Luis Rey, based on the requirements that we set forth  
14 and an agreement with the Stronach Group, and I've been out  
15 there now twice, they have complied with everything that we  
16 recommended, and even gone further in some ways. And again,  
17 we appreciate it. They did a really good job of rebuilding  
18 that facility as quickly as possible and making what we  
19 believe to be at least the apparent necessary revisions for  
20 the purposes of avoiding another catastrophe.

21 VICE CHAIR AUERBACH: While we're talking about  
22 the fire, I know I'm segueing from the report, which I'll  
23 finish in a minute, Del Mar held a very nice ceremony for --

24 CHAIRMAN WINNER: Yes. Yes, they did.

25 VICE CHAIR AUERBACH: -- Martine Bellocq and

1 she -- when she got the Laffit Pincay award for, basically,  
2 for her heroism. And it was a wonderful thing to be there  
3 and to see.

4           And PAMAS (phonetic) ongoing effort with the  
5 horses right now, we have, I don't remember if it's 10 or  
6 12, I'm sorry, horses under management that were involved in  
7 the fire location. And we'll be getting more. But thanks  
8 to the general public and everybody's specific support, and  
9 especially to Jane and Burt Bacharach for the money that  
10 they raised in their event, we do have the funds to take  
11 care of these horses properly. So I'm very happy to share  
12 that with everybody.

13           Okay, finally, the major item of business, the  
14 matter referred back to us by the Board concerning out-of-  
15 competition testing, or OOC, and related regulations, Dr.  
16 Stanley reported there are legal compounded medications that  
17 are absolutely appropriate, but he listed some of the  
18 illegal compounds and designer drugs that should be  
19 identified by OOC and dealt with.

20           Robert Brodник provided some amendments to the  
21 original text designed to deal with concerns expressed by  
22 the TOC and others. For example, as to identifying the  
23 individual responsible for any violation, the proposed rule  
24 allows for the prosecution of the individual determined by  
25 the preponderance of evidence to have the primary

1 responsibility for the care and custody of the horse. And  
2 the language was not -- needed adjustment, and I think this  
3 will cover it very well. We're looking to get the right  
4 people who committed the crime, not the wrong people.

5           Alan Balch with the CTT continued to express some  
6 concerns, as did Dr. Donald Smith. We addressed all of the  
7 issues they raised, particularly those dealing with the  
8 responsibility for potential problems concerning violations  
9 and addressed them one by one, I believe to everyone's  
10 satisfaction.

11           As I indicated, it was a very cordial and  
12 productive meeting. And our people will be amending the  
13 proposed text accordingly, and then sending the proposed  
14 amendments out for public notice, which I assume we did.

15           And did we hear anything?

16           MR. BRODNIK: We have not had any further comments  
17 from the industry stakeholders. And the Board should be  
18 seeing this, I'm hopeful, in October.

19           VICE CHAIR AUERBACH: Okay. So it hasn't come  
20 back yet? It hasn't had time yet?

21           MR. BRODNIK: No.

22           VICE CHAIR AUERBACH: Okay. I just wanted to  
23 indicate to everybody that it was probably the very  
24 Medication meeting that I've ever held --

25           CHAIRMAN WINNER: Yes.

1 VICE CHAIR AUERBACH: -- that we're all in the  
2 room together. And we broke up into appropriate groups.  
3 And Rob was wonderful and we expressed to everybody, tell us  
4 specifically what you need to make it work for you and for  
5 your membership, and we got it done. It was -- I wish I  
6 could see that in everything else we do.

7 CHAIRMAN WINNER: Yeah.

8 VICE CHAIR AUERBACH: So hopefully when we come  
9 back in October, we'll be able to finish this up. And thank  
10 you, guys, very much.

11 CHAIRMAN WINNER: Joanne, did you want to comment?  
12 I see you have your hand up.

13 MS. NOR: I have a question. Dr. Arthur said --

14 CHAIRMAN WINNER: Could you please identify  
15 yourself again?

16 MS. NOR: Joanne Nor.

17 Dr. Arthur mentioned about environmental testing.  
18 And it would really be helpful if there was glyphosate  
19 testing. When you add all of these other drugs, it -- the  
20 whole scenario changes. And with the Agent Orange that has  
21 been covered up that is in the glyphosate, that is -- I  
22 mean, you can cause heart attacks doing that, okay?

23 So somebody needs to put a guideline of what  
24 the -- all of those drugs that you just said, that you just  
25 spoke about, should be tested with the glyphosate to show

1 you what a lethal dose you're giving the horse, okay?

2 CHAIRMAN WINNER: You're looking --

3 MS. NOR: And none of us with even be here for the  
4 rest of this if the horses cannot perform.

5 CHAIRMAN WINNER: Joanne, you're referring to --

6 MS. NOR: And another --

7 CHAIRMAN WINNER: -- item number 12; right?  
8 You're going back to the previous item, are you?

9 MS. NOR: Well, he was speaking about  
10 environmental -- I'm not sure what he said exactly, but just  
11 that --

12 CHAIRMAN WINNER: Okay.

13 MS. NOR: -- he was going to do environmental  
14 testing. It would be helpful if they would do environmental  
15 testing. And what the effects of the Agent Orange and the  
16 glyphosate do, we did our own survey on the East Coast and  
17 here, and what we've found is their blood -- on their blood  
18 profiles is all of the, oh, gosh, the GGT, the -- which used  
19 to be SGOT, and all the liver enzyme tests were off the  
20 chart.

21 CHAIRMAN WINNER: Who is the we?

22 MS. NOR: Dr. Greg Bennett in New York, who I have  
23 referred him to, who he would never answer the phone calls  
24 from. Dr. Bennett. He's been at Belmont for 35 years.

25 CHAIRMAN WINNER: Okay.

1 MS. NOR: He's a veterinarian.

2 CHAIRMAN WINNER: Thank you, Joanne.

3 MS. NOR: Thank you.

4 CHAIRMAN WINNER: Okay, item number 14, discussion  
5 and action by the Board regarding the proposed addition of  
6 CHRB Rule 1660.1, Claimed Horse Health Record, to require  
7 the transfer of medical records of horses claimed in a  
8 claiming race.

9 MR. BRODNIK: Thank you, Chairman. Robert  
10 Brodnik, California Horse Racing Board.

11 Rule 1660.1, as Vice Chairman discussed, was  
12 talked about at the Medication Committee meeting. There  
13 were some amendments regarding confidentiality and language  
14 such as that.

15 When we came out of the meeting the request was to  
16 prepare two forms, one which just has the joint injections,  
17 which I believe Dr. Arthur can talk a little bit more about  
18 it, but are a main concern for a new treating veterinarian  
19 to know about. And the second form has both the joint  
20 injections, and then other information on it, as well.

21 And so we have prepared the two forms and we've  
22 amended the language to conform with the concerns of the  
23 industry, and this is now before you.

24 EXECUTIVE DIRECTOR BAEDEKER: And, Rob, isn't it  
25 the case that this record is not going to the CHRB, it's



1 going from one trainer to another, one -- from the  
2 connections of the one horse to the connections of the next  
3 horse? Is it trainer to trainer?

4 MR. BRODNIK: No, no. So, right, it's basically  
5 when the horse is claimed, that information will be given to  
6 the official veterinarian. The official veterinarian will  
7 then provide the form to the CHRB license treating  
8 veterinarian who treated the horse previously. That  
9 veterinarian will fill you the form. And the information of  
10 who the new owner is will be provided. And then that  
11 veterinarian will send that information to the need CHRB-  
12 treating licensed veterinarian.

13 So, no, the CHRB will not get the forms. And we  
14 hope that that will alleviate any kind of concerns. But  
15 because they're going from CHRB-licensed veterinarian to  
16 CHRB-licensed veterinarian, in the event that someone  
17 refuses to comply with filling out the forms, we would then  
18 be able to address that if --

19 EXECUTIVE DIRECTOR BAEDEKER: Address that issue?

20 MR. BRODNIK: Yes.

21 EXECUTIVE DIRECTOR BAEDEKER: Right.

22 VICE CHAIR AUERBACH: Okay. I have an issue with  
23 the form.

24 MR. BRODNIK: Sure.

25 VICE CHAIR AUERBACH: And I like the second form,

1 the claim form, the one that's required and the one that's  
2 optional. But my problem with the required portion of it,  
3 if someone can help me with this, I'm good with everything  
4 except vet's list history. I don't know what that means.  
5 And vet's list history as unsound or bled in last 12 months.  
6 How can it be required for the vet who had the horse to have  
7 all of this information? That wasn't part of what we talked  
8 about, so I don't know how this got there.

9 CHAIRMAN WINNER: That means, I assume --

10 MR. BRODNIK: Well --

11 CHAIRMAN WINNER: -- I assume that means when  
12 the --

13 MR. BRODNIK: -- I can answer.

14 CHAIRMAN WINNER: -- when the horse -- when was  
15 the horse -- how many times or how long the horse has been  
16 on the vet's list.

17 VICE CHAIR AUERBACH: But --

18 CHAIRMAN WINNER: I understand your point, but  
19 that's --

20 VICE CHAIR AUERBACH: -- the point is --

21 CHAIRMAN WINNER: -- what that means; right?

22 VICE CHAIR AUERBACH: Yeah. I --

23 CHAIRMAN WINNER: I'm asking a question.

24 VICE CHAIR AUERBACH: And I'm -- my problem with  
25 it is this, this was supposed to be simple, one item --

1 CHAIRMAN WINNER: Right.

2 VICE CHAIR AUERBACH: -- get the information.

3 CHAIRMAN WINNER: Right. And how would the vet  
4 know --

5 VICE CHAIR AUERBACH: I don't want anything --

6 CHAIRMAN WINNER: -- if a vet --

7 VICE CHAIR AUERBACH: How would the vet --

8 CHAIRMAN WINNER: Yeah.

9 VICE CHAIR AUERBACH: How would the vet know?

10 EQUINE MEDICAL DIRECTOR ARTHUR: Do you want me to  
11 explain it to you?

12 VICE CHAIR AUERBACH: Please.

13 EQUINE MEDICAL DIRECTOR ARTHUR: This was actually  
14 here. And what you have to remember is the top part of it,  
15 above where it says date and location, that is filled out by  
16 the official veterinarian. And then the rest of the form is  
17 emailed to the new -- or to the attending veterinarian on  
18 the horse that was claimed.

19 VICE CHAIR AUERBACH: Okay. So it's not up to the  
20 vet --

21 EQUINE MEDICAL DIRECTOR ARTHUR: So --

22 VICE CHAIR AUERBACH: -- to put that in?

23 EQUINE MEDICAL DIRECTOR ARTHUR: And this is  
24 actually information that was requested by the  
25 veterinarians. Because if the horse is on the vet's list,

1 and the CTT has brought this up previously, if the horse is  
2 on the vet's list for unsound or bled in the last 12 months,  
3 if they go on the vet's list again for bled or unsound,  
4 there are additional consequences for that.

5           So it was thought to be important information.  
6 It's very easy to take that off that. You know, people can  
7 check that. But it was a convenience item for horsemen.  
8 And we could remove it in about 30 second.

9           VICE CHAIR AUERBACH: No, I know we can. But my  
10 question was --

11           CHAIRMAN WINNER: I'm not sure it should be  
12 removed.

13           VICE CHAIR AUERBACH: I'm not sure it should be  
14 either, but my question is: How are they going to know that  
15 information? Would they --

16           EQUINE MEDICAL DIRECTOR ARTHUR: No.

17           VICE CHAIR AUERBACH: -- necessarily know?

18           EQUINE MEDICAL DIRECTOR ARTHUR: The official  
19 veterinarian knows that information. The official  
20 veterinarian maintains the veterinarian's list.

21           VICE CHAIR AUERBACH: Okay.

22           EQUINE MEDICAL DIRECTOR ARTHUR: So --

23           VICE CHAIR AUERBACH: No, I understand that. But  
24 I'm getting to procedure here because I want this to work.

25           EQUINE MEDICAL DIRECTOR ARTHUR: Okay.

1 VICE CHAIR AUERBACH: And I don't want anybody to  
2 throw a boulder in our way in the middle of it.

3 Are we saying that before the vet who had control  
4 of the horse prior to the claim, before he gets this form  
5 the official veterinarian will fill out that part of it?

6 CHAIRMAN WINNER: Yes.

7 EQUINE MEDICAL DIRECTOR ARTHUR: Yes. That as on  
8 the spreadsheet that was in the original packet that we had  
9 the Medication Committee. What happens is the veterinarian  
10 fills out the name of the horse, the previous trainer, the  
11 claiming date, the track, whether he has a vet list history  
12 and --

13 VICE CHAIR AUERBACH: Okay. So the official vet?

14 EQUINE MEDICAL DIRECTOR ARTHUR: The official vet  
15 does --

16 VICE CHAIR AUERBACH: The official vet fills that  
17 out?

18 EQUINE MEDICAL DIRECTOR ARTHUR: -- all that.

19 VICE CHAIR AUERBACH: Okay.

20 EQUINE MEDICAL DIRECTOR ARTHUR: And then the  
21 attending veterinarian says did the horse have previous  
22 intra-articular injections --

23 VICE CHAIR AUERBACH: Right.

24 EQUINE MEDICAL DIRECTOR ARTHUR: -- in the last 60  
25 days?

1 VICE CHAIR AUERBACH: And that's all that we're  
2 asking for.

3 EQUINE MEDICAL DIRECTOR ARTHUR: And then he  
4 fills -- he or she fills out --

5 VICE CHAIR AUERBACH: Right.

6 EQUINE MEDICAL DIRECTOR ARTHUR: -- all the rest.

7 VICE CHAIR AUERBACH: Okay. I wanted to make sure  
8 that I was clear on what we were doing so that no one would  
9 have any reason to object to it.

10 EQUINE MEDICAL DIRECTOR ARTHUR: Well, I will --

11 VICE CHAIR AUERBACH: That's all I'm doing.

12 EQUINE MEDICAL DIRECTOR ARTHUR: I will say, it  
13 would be easier for the official veterinarians not to  
14 include the vet's list history --

15 CHAIRMAN WINNER: I think it's important --

16 EQUINE MEDICAL DIRECTOR ARTHUR: -- so why don't  
17 we remove it?

18 CHAIRMAN WINNER: -- personally.

19 EQUINE MEDICAL DIRECTOR ARTHUR: What's that?

20 CHAIRMAN WINNER: I think it's important to have  
21 that.

22 EQUINE MEDICAL DIRECTOR ARTHUR: I do, too, and  
23 that's why we added it, but --

24 VICE CHAIR AUERBACH: Okay. But, see, this  
25 doesn't --

1 EQUINE MEDICAL DIRECTOR ARTHUR: -- you can do it  
2 however you want.

3 VICE CHAIR AUERBACH: -- this doesn't -- this  
4 didn't -- the form didn't say this portion to be filled in.  
5 Maybe it should. This is this should be filled in --

6 CHAIRMAN WINNER: Yeah.

7 VICE CHAIR AUERBACH: -- by the official vet. And  
8 then this part gets filled in by the --

9 CHAIRMAN WINNER: I agree. I agree exactly with  
10 what you're saying and --

11 VICE CHAIR AUERBACH: Because it confused me.

12 EXECUTIVE DIRECTOR BAEDEKER: -- Mr. Baedeker said  
13 the same thing, just add the line --

14 VICE CHAIR AUERBACH: This --

15 CHAIRMAN WINNER: -- on the form.

16 VICE CHAIR AUERBACH: -- this -- below this line  
17 gets filled in by the -- in other words, you know where you  
18 have joint therapy, previous 60 days --

19 CHAIRMAN WINNER: Couldn't agree more.

20 VICE CHAIR AUERBACH: -- just put that that is  
21 required to be filled out by the vet who was in care and  
22 control of the horse prior to the claim.

23 EXECUTIVE DIRECTOR BAEDEKER: I would recommend  
24 the language that just says -- following the line that says  
25 joint therapy and above where it says date, the following

1 information is to be completed by the attending  
2 veterinarian, semicolon. Would that work?

3 EQUINE MEDICAL DIRECTOR ARTHUR: It would be easy  
4 to do.

5 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

6 VICE CHAIR AUERBACH: Yeah.

7 CHAIRMAN WINNER: Okay.

8 VICE CHAIR AUERBACH: I just wanted clarify so  
9 that I don't want to hear from anybody.

10 CHAIRMAN WINNER: Good thinking. Good thinking.

11 MR. BRODNIK: Then that will also be amended in  
12 the text, as well.

13 VICE CHAIR AUERBACH: Thank you. Thank you very  
14 much, everybody, for all the work you did on this.

15 CHAIRMAN WINNER: I think Dr. O'Neil wanted to  
16 speak on this issue.

17 DR. O'NEIL: Yes. Thank you very much, Mr.  
18 Chairman. Dr. Robert O'Neil, Stronach Group.

19 Again, as I've said many times, we've done -- did  
20 this in Florida. The claiming rule has worked excellent  
21 down there. We've had no pushback. The joint injections  
22 are decreasing. Every time I look at the list, we were  
23 going like from a 25 to 30 percent injection, we're down in  
24 the teens right now. And the more this is done the more, I  
25 think, the veterinarians and the trainers all realize how



1 important it is and how it does protect the welfare of the  
2 horse and it does protect these horses.

3           And I think the form that we've got here in place,  
4 as long as they're kept very simple, as our forms were in  
5 Florida, we'll -- it will go great. But once it gets  
6 implemented you're going to see, as you did in Florida, how  
7 well people like this and how well it's accepted.

8           EQUINE MEDICAL DIRECTOR ARTHUR: I will say, we  
9 did pilot this. You can't tell on the form you have, but  
10 there are -- this is a .pdf fillable form. Dr. Blea and Dr.  
11 Carpenter and Dr. Grande, the official veterinarian filled  
12 it out. His office sent it to the veterinarians that filled  
13 it out, returned it, and the thought it worked. Everybody  
14 thought it worked quite well.

15           VICE CHAIR AUERBACH: You know, it would be really  
16 wonderful as these forms start coming in, Dr. Arthur, if we  
17 actually see some of the vets just going ahead with the  
18 optional part and getting into the habit of letting us know  
19 the rest of the information. That will be great, but --

20           EQUINE MEDICAL DIRECTOR ARTHUR: I actually think  
21 that we should not use the second form with the other  
22 information. And the reason for that is this, we can  
23 require medical information to be transferred. On this  
24 particular form, it has optional information. And if a  
25 veterinarian picks that up, technically, if he doesn't get

1 permission from the owner to complete and then he tells  
2 somebody, this horse needs -- it's due for a vaccination,  
3 that could be a violation of confidentiality.

4 VICE CHAIR AUERBACH: Okay. So you're saying  
5 then --

6 EQUINE MEDICAL DIRECTOR ARTHUR: So I'm saying we  
7 just go with this and --

8 VICE CHAIR AUERBACH: The big -- the longer one?

9 EQUINE MEDICAL DIRECTOR ARTHUR: -- after people  
10 get --

11 VICE CHAIR AUERBACH: With the same, yeah, with  
12 the same modification in the language on the top?

13 EQUINE MEDICAL DIRECTOR ARTHUR: That's right.

14 VICE CHAIR AUERBACH: Okay.

15 EXECUTIVE DIRECTOR BAEDEKER: And so that it's  
16 clear for the record, Dr. Arthur is referring to the form  
17 that is on page 14-5.

18 VICE CHAIR AUERBACH: Five.

19 CHAIRMAN WINNER: Right.

20 VICE CHAIR AUERBACH: That's fine.

21 EQUINE MEDICAL DIRECTOR ARTHUR: 14-5 is what --

22 VICE CHAIR AUERBACH: Okay.

23 EQUINE MEDICAL DIRECTOR ARTHUR: -- we're going to  
24 amend.

25 VICE CHAIR AUERBACH: Okay.

1 EQUINE MEDICAL DIRECTOR ARTHUR: We're not going  
2 to use 14-6. And maybe we'll revisit it at another time --

3 VICE CHAIR AUERBACH: Okay.

4 EQUINE MEDICAL DIRECTOR ARTHUR: -- once people  
5 get comfortable with it.

6 VICE CHAIR AUERBACH: Perfect. Thank you.

7 CHAIRMAN WINNER: Dr. O'Neil, were you through?

8 DR. O'NEIL: That's it. Just thank you very  
9 much --

10 VICE CHAIR AUERBACH: Thank you.

11 CHAIRMAN WINNER: Thank you very much.

12 DR. O'NEIL: -- for putting this forward. And  
13 it's going to be a win-win for all of us, especially the  
14 horses --

15 CHAIRMAN WINNER: Thank you.

16 DR. O'NEIL: -- especially our horses.

17 VICE CHAIR AUERBACH: Does this -- are we sure  
18 this has to go out for 45 days again, Rick?

19 MR. BRODNIK: No. This has not ever gone out for  
20 45 days.

21 CHAIRMAN WINNER: Yeah.

22 VICE CHAIR AUERBACH: Oh, it hasn't? Okay.  
23 Sorry.

24 CHAIRMAN WINNER: Okay. We're voting on  
25 sending -- on whether to approve this motion to go out for

1 45-day public comment.

2 VICE CHAIR AUERBACH: Okay.

3 CHAIRMAN WINNER: Is there a motion?

4 VICE CHAIR AUERBACH: Yes.

5 CHAIRMAN WINNER: Okay. Vice Chair --

6 VICE CHAIR AUERBACH: With the --

7 CHAIRMAN WINNER: Yeah.

8 VICE CHAIR AUERBACH: -- amendments.

9 CHAIRMAN WINNER: Vice Chair Auerbach moves  
10 approval with the change to the language on the form.

11 Is there a second?

12 COMMISSIONER MASS: Second.

13 CHAIRMAN WINNER: Commissioner Mass seconds.

14 Commissioner Choper?

15 COMMISSIONER CHOPER: Yes.

16 CHAIRMAN WINNER: Vice Chair Auerbach?

17 VICE CHAIR AUERBACH: Yes.

18 CHAIRMAN WINNER: The Chairman votes yes.

19 Commissioner Mass --

20 COMMISSIONER MASS: Yes.

21 CHAIRMAN WINNER: -- votes yes. The measure is

22 approved.

23 MR. BRODNIK: Thank you.

24 VICE CHAIR AUERBACH: Thank you.

25 CHAIRMAN WINNER: Thank you.

1 VICE CHAIR AUERBACH: Thank you.

2 CHAIRMAN WINNER: A report from the Race Dates  
3 Committee.

4 We had a meeting there yesterday -- here, with  
5 Vice Chair Auerbach and myself.

6 EXECUTIVE DIRECTOR BAEDEKER: You skipped one.

7 CHAIRMAN WINNER: Pardon me?

8 EXECUTIVE DIRECTOR BAEDEKER: You skipped one; 15.

9 CHAIRMAN WINNER: Oh, did I skip one? I'm sorry.  
10 I apologize.

11 VICE CHAIR AUERBACH: What's 15?

12 CHAIRMAN WINNER: Discussion by the Board  
13 regarding an update on the Southern California Stabling and  
14 Vanning Fund.

15 VICE CHAIR AUERBACH: Oh, dear.

16 CHAIRMAN WINNER: Who's talking on that?

17 EXECUTIVE DIRECTOR BAEDEKER: I know that the  
18 owners had interest in this.

19 VICE CHAIR AUERBACH: They did? Where are they?

20 CHAIRMAN WINNER: Where is --

21 EXECUTIVE DIRECTOR BAEDEKER: The issue is that  
22 the --

23 CHAIRMAN WINNER: Is there anybody here?

24 EXECUTIVE DIRECTOR BAEDEKER: -- three-year  
25 agreement with Los Alamitos --

1 VICE CHAIR AUERBACH: Mary, I guess.

2 EXECUTIVE DIRECTOR BAEDEKER: -- is expiring and  
3 there's a question about what happens after that agreement  
4 expires. I know that there are stakeholders here that can  
5 talk about it.

6 We were asked, by the way, to put this on the  
7 agenda. It wasn't our idea. So --

8 VICE CHAIR AUERBACH: If nobody wants to talk  
9 about it, let's not talk about it.

10 EXECUTIVE DIRECTOR BAEDEKER: -- if nobody wants  
11 to talk about it, then I guess somebody changed their mind.

12 CHAIRMAN WINNER: Mary?

13 COMMISSIONER CHOPER: Or forgot it. Oh, we're  
14 wrong.

15 MS. FORNEY: Mary Forney, TOC.

16 CHAIRMAN WINNER: Hi Mary.

17 MS. FORNEY: Hi. The Stabling and Vanning  
18 Committee did meet last week. And we are aware that the  
19 four-party agreement expires at the end of 2019, so  
20 discussion was held about stabling post to '19, 2019, with  
21 no resolution yet.

22 The good news from that meeting is the debt to the  
23 stabling facilities will be expired by the end of 2019.

24 EXECUTIVE DIRECTOR BAEDEKER: Could you say that  
25 again? The what?

1 CHAIRMAN WINNER: The what?

2 VICE CHAIR AUERBACH: The debt.

3 MS. FORNEY: The debt owed by the Stabling and  
4 Vanning Committee --

5 EXECUTIVE DIRECTOR BAEDEKER: The debt?

6 CHAIRMAN WINNER: D-E-B-T, debt.

7 MS. FORNEY: -- to the stabling facilities is on  
8 target to be retired by the end of 2019.

9 CHAIRMAN WINNER: Yeah.

10 MS. FORNEY: But we have no update --

11 CHAIRMAN WINNER: It sounded like she said death.

12 MS. FORNEY: -- on the stabling situation.

13 CHAIRMAN WINNER: Okay. Any discussion?

14 Questions?

15 VICE CHAIR AUERBACH: Mr. Daruty, were you going  
16 to say -- tell us some more things about stabling? As I  
17 recall, you said something. Did you change your mind?

18 EXECUTIVE DIRECTOR BAEDEKER: I think the big  
19 question is, you know, if there's -- the agreement included  
20 the 750 stalls, or thereabouts, at Los Al, and then after  
21 the deal expires, you know, is the plan to continue stabling  
22 there, or are there alternate plans? And I think that's why  
23 we were asked to --

24 VICE CHAIR AUERBACH: To put it on.

25 EXECUTIVE DIRECTOR BAEDEKER: -- put this on the

1 agenda and have a look forward.

2 CHAIRMAN WINNER: Yeah. I thought you were going  
3 to make a report on the stalls that you're --

4 VICE CHAIR AUERBACH: But we got you so confused  
5 with everything else, you left.

6 MR. DARUTY: Scott Daruty on behalf of Santa Anita  
7 Park.

8 And I don't remember asking, or that we asked to  
9 have this on the agenda.

10 EXECUTIVE DIRECTOR BAEDEKER: No, you didn't.

11 MR. DARUTY: But I'm happy to address it --

12 VICE CHAIR AUERBACH: No. But when you were --

13 MR. DARUTY: -- since we're all here and it --

14 VICE CHAIR AUERBACH: -- when you were talking  
15 earlier.

16 EXECUTIVE DIRECTOR BAEDEKER: TOC asked.

17 MR. DARUTY: Oh, yes. Okay.

18 EXECUTIVE DIRECTOR BAEDEKER: TOC asked us to put  
19 it on.

20 MR. DARUTY: So the current status is we intend to  
21 build approximately 800 stalls in the north parking lot,  
22 that's the parking lot on the other side of the grandstand.  
23 When you look out over the track, you see it.

24 The approval process is proceeding very well with  
25 the City of Arcadia. We've had a number of meetings with



1 them. They are very cooperative and are actually  
2 enthusiastic about the project. At this point, we expect to  
3 have approvals within the next couple of months, which would  
4 allow us to start construction and have it done, either at  
5 the -- you know, obviously we're targeting the end of 2019,  
6 but it might be January of 2020 by the time they are  
7 available. We realize that potentially leaves a small gap,  
8 but we're pushing very quickly.

9 We all know that the Los Alamitos facility has  
10 been publicly declared to be, you know, in redevelopment.  
11 When exactly that happens, none of us know, but we do want  
12 to start planning for the future which is why we're moving  
13 forward with stalls that, you know, we, the industry,  
14 control and we'll be able to ensure that we have places to  
15 keep the horses.

16 So that's the plan.

17 CHAIRMAN WINNER: Scott, first of all, as you  
18 know, we've been hearing for a long time about stalls, 800  
19 stalls in the north parking lot. I assume that it's really  
20 in progress at this point. You talked about getting  
21 approvals from the city, et cetera, et cetera. So it's  
22 really moving at this time? I mean, it's been years now.

23 MR. DARUTY: We have plans. We have budgets. We  
24 know where they're going to go, what they're going to look  
25 like, how they're going to be oriented, how much they're

1 going to cost. And we're just moving the process through  
2 the City of Arcadia.

3 CHAIRMAN WINNER: And if those -- if that approval  
4 comes forth, are you planning to do anything with the  
5 current backstretch in terms of reducing the number of  
6 stalls?

7 MR. DARUTY: Not at this time, no, not --

8 CHAIRMAN WINNER: Okay. So this would be  
9 additional stalls?

10 MR. DARUTY: These would be additional, yes.

11 CHAIRMAN WINNER: Okay.

12 MR. DARUTY: These would be intended to replace  
13 the stalls that are currently at Los Alamitos. Frankly,  
14 it's more stalls than are actually being used at Los  
15 Alamitos.

16 CHAIRMAN WINNER: Right.

17 MR. DARUTY: But, yeah, it would make Santa Anita  
18 self-sufficient in terms of its stabling needs. We've had  
19 discussions with Del Mar. We don't have anything signed at  
20 this point, but we've certainly had discussions with Del Mar  
21 about reaching a long-term, be it five-, seven-, ten-year  
22 agreement with them on use of stalls, on how we, as the  
23 industry, would agree dates would be allocated. Of course,  
24 you as the regulator would have some say in that. But at  
25 least as far as the industry, we would be coming to you and

1 saying here's a preapproved long-term plan for stabling and  
2 for dates.

3 CHAIRMAN WINNER: Is there an update with respect  
4 to any discussions that are going on with Fairplex?

5 MR. DARUTY: I'm not in a position to give an  
6 update. I don't have any new information. I can only say  
7 that there have been discussions with Fairplex about a  
8 stabling facility there. Now if that were to happen, that,  
9 again, over a long period of time, could potentially lead to  
10 changes in the stabling at Santa Anita.

11 CHAIRMAN WINNER: Right.

12 MR. DARUTY: But that's not what we're talking  
13 about here --

14 CHAIRMAN WINNER: Got it.

15 MR. DARUTY: -- in terms of the north lot. The  
16 north lot 800 would be replacements for Los Al stalls.

17 CHAIRMAN WINNER: Thank you. Thank you.

18 Any other questions for Scott, or suggestions?

19 Thank you, Scott.

20 And thank you, Mary.

21 Okay, now, Race Dates Committee met yesterday  
22 here, Vice Chair Auerbach and myself. We agreed to  
23 recommend to the full Board approval of the Southern  
24 California rate dates for 2019. Those dates would be very  
25 similar to the dates this year. As you know, in Southern

1 California, we have a three-year rollover to be approved on  
2 an annual basis by the Board, and we did approve that. There  
3 are some changes from this year because of the -- primarily  
4 because of the Breeders' Cup coming to Santa Anita in 2019.  
5 And by agreement, Del Mar has agreed to move one of their  
6 weeks that Santa Anita picks up because of the Breeders'  
7 Cup.

8 We also agreed to recommend to the full Board  
9 approval of the Watch and Wager calendar for 2019, and also  
10 the Los Alamitos night meet for 2019.

11 As far as Northern California, as usual, there's  
12 not agreement. And what we are -- where we left the  
13 Northern California meet, because so much depends on the  
14 stabling situation in Northern California, the Stabling  
15 Committee, which I believe is Vice Chair Auerbach and  
16 Commissioner Mass, will meet prior to the September meeting  
17 of the Board to discuss Northern California stabling. And  
18 based on what comes out of that, we will either -- they will  
19 either recommend to the full Board or to the Race Dates  
20 Committee, depending on whatever their determination is,  
21 what to do about Northern California race dates.

22 There are a few issues that are outstanding with  
23 respect to Northern California race dates. Most of them are  
24 similar to issues that have occurred --

25 COMMISSIONER CHOPER: Year after year.



## 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 27th day of August, 2018.



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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

August 27, 2018