

CALIFORNIA HORSE RACING BOARD

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REGULAR MEETING

of the **California Horse Racing Board** will be held on **Thursday, January 16, 2014**, commencing at **9:30 a.m.**, in the **Baldwin Terrace Room** at the **Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California**. The audio portion only of the California Horse Racing Board regular meeting will be available online through a link at the CHRB website (www.chrb.ca.gov) under “Webcasts.”

AGENDA

Action Items:

1. **Closed Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code.
 - A. The Board may convene a Closed Session for the purposes of considering personnel matters as authorized by Government Code section 11126, (a).
2. Discussion and action by the Board regarding **the announcement of closed session Board action, and roll call vote thereon, to hire an Executive Director.**
3. **Approval of the minutes of November 21, 2013.**
4. **Approval of the minutes of December 12, 2013.**
5. **Public Comment:** Communications, reports, requests for future actions of the Board.
Note: Persons addressing the Board under this item will be restricted to **three (3) minutes** for their presentations.
6. Public hearing and action by the Board regarding the **proposed amendment to CHRB Rule 1658, Vesting of Title to Claimed Horse**, to provide that a claim shall not be voided by the stewards if prior to the race the claimant elects to claim the horse regardless of whether the racing or official veterinarian determines the horse will be placed on the Veterinarian's List as unsound or lame. (Note: This concludes the 45-day public comment period. The Board may adopt the proposal as presented.)

7. Discussion and action by the Board regarding a **report from the California Marketing Committee (CMC) regarding its 2014 marketing and promotion plans pursuant to Business and Professions Code section 19605.73 (b).**
8. Discussion and action by the Board regarding the **final disbursement of funds collected pursuant to Business and Professions Code section 19605.75 for the time period beginning January 1, 2014 through July 1, 2014.**
9. Discussion and action by the Board regarding the **report and update from the night industry concerning the status of the agreement regarding 1) the night industry's advance deposit wagering (ADW) imports split rate on races conducted after 6:00p.m. during the 2013 racing year and 2) the allocation and distribution of advance deposit wagering (ADW) harness funds generated pursuant to Business and Professions Code section 19604(f)(5).**
10. Report from the **Medication and Track Safety Committee.**
11. Report from the **Northern California Race Dates Ad Hoc Committee.**
12. Discussion and action by the Board regarding the **allocation of the Northern California 2015 racing calendar and related issues for 2015.**
13. **Closed Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code.
 - 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," as authorized by Government Code section 11126(e).
 - B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).
 - C. The Board may convene a Closed Session for the purposes of considering personnel matters as authorized by Government Code section 11126, (a).

Additional information regarding this meeting may be obtained from the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. This notice is located on the CHRB website at www.chrb.ca.gov. *Information for requesting disability related accommodation for persons with a disability who require aid or services in order to participate in this public meeting, should contact Jacqueline Wagner.

CALIFORNIA HORSE RACING BOARD

Chuck Winner, Chairman
Bo Derek, 1st Vice Chairman
Richard Rosenberg, 2nd Vice Chairman
Steve Beneto, Member
Jesse H. Choper, Member
George Krikorian, Member
Madeline Auerbach, Member
Jacqueline Wagner, Assistant Executive Director

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PENDING LITIGATION
JANUARY 2014

COURT LITIGATION

- A. Jeff Mullins vs. CHRB, et al**
Superior Court of California, County of San Diego, Case No. 37-2010-00092212
Court of Appeal, Fourth Appellate District, D062226
- B. San Luis Rey Racing, Inc., vs. CHRB, et al**
Superior Court of California, County of San Diego, Case No. 37-2011-00096586
- C. Alexander Sywak vs. CHRB**
Superior Court of California, County of Sacramento, Case No. 34-2011-80001021
Court of Appeal, Third Appellate District, C072803
- D. Morteza Atashkar vs. CHRB**
Superior Court of California, County of Sacramento, Case No. 34-2008-00024426
- E. Morteza Atashkar vs. CHRB**
Superior Court of California, County of Sacramento, Case No. 34-2011-00102154
Court of Appeal, Third Appellate District, C069875
- F. Carla Gaines vs. CHRB**
Superior Court of California, County of Los Angeles, Case No. BS144185

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**PENDING ADMINISTRATIVE ADJUDICATIONS
JANUARY 2014**

CASE

A. Fitness for Licensure

Tomas Urbina, Jr.

Case Number: SAC 13-0049

B. Proposed Decision

Trainer Jose A. Moreno

Case Numbers: 13LA0237 and 13LA0239

C. Proposed Decision

Trainer Valentin A. Zamudio

Case Number: 13LA0226

D. Proposed Decision

Trainer Peggie C. Hanford

Case Number: 13GG0139

E. Pending Board Decision

Jockey Edwin Maldonado

Case Number: SAC 13-0025

CALIFORNIA HORSE RACING BOARD

JANUARY 16, 2014
REGULAR BOARD MEETING

There is no board package material for Item 1

CALIFORNIA HORSE RACING BOARD

JANUARY 16, 2014 **REGULAR BOARD MEETING**

There is no board package material for Item 2

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Betfair Hollywood Park Race Track, Sunset Room**, 1050 South Prairie Ave., Inglewood, California, on **November 21, 2013**.

Present: David Israel, Chairman
Chuck Winner, Vice-Chairman
Steve Beneto, Member
Jesse H. Choper, Member
Bo Derek, Member
George Krikorian, Member
Richard Rosenberg, Member
Jacqueline Wagner, Assistant Executive Director
Robert Miller, General Counsel

APPROVAL OF THE MINUTES OF OCTOBER 24, 2013

Chairman Israel asked for approval of the minutes of the Regular Meeting of October 24, 2013.

Vice-Chairman Winner **motioned** to approve the minutes. Commissioner Beneto **seconded** the motion, which was **unanimously carried**.

PUBLIC COMMENT

Leslie Defiori Navarro, a licensed jockey agent, stated Los Alamitos Quarter Horse Racing (Los Alamitos) did not have a steward supervising a draw during which she and another jockey agent had a disagreement. She also stated races were being run with five to seven horses under the same agent. Ms. Navarro said she had complained to Los Alamitos, but nothing had been done. Commissioner Rosenberg asked if a Committee should be assigned to investigate. Chairman Israel stated it should be initially investigated by CHRB enforcement and then submitted to Committee. Bill Westerman, CHRB staff, stated enforcement was investigating the matter and would report its findings to the Board. Commissioner Rosenberg stated the stewards could waive the two horses per race limit on jockey agents. Ms. Navarro stated because Los Alamitos

ran both quarter and thoroughbred it generously allowed up to four horses per agent; however, even the four horse limit was ignored in an attempt to control the race. She said Los Alamitos warned the agents over and over and then gave up. Kevin Bolling, of the California Thoroughbred Horsemen's Foundation (CTHF), thanked the Los Angeles Turf Club, the Hollywood Park Racing Association, and the Pacific Racing Association for sponsoring CTHF's annual flu vaccine program for the backstretch workers.

DISCUSSION AND ACTION BY THE BOARD ON THE NOMINATION OF MEMBERS TO THE BOARD OF DIRECTORS OF THE CALIFORNIA THOROUGHBRED HORSEMEN'S FOUNDATION, INC.

After Chairman Israel read the list of nominees for the California Thoroughbred Horsemen's Foundation, Inc. (CTHF) Board of Directors, Vice-Chairman Winner asked for a bio on the nominees to be provided to the Board. Chairman Israel asked who John Garcia was. Kevin Bolling, of CTHF, stated Mr. Garcia was a lobbyist with Kaiser and was a resource for information on the California legislature, and the medical industry. Vice-Chairman Winner **motioned** to approve nomination of members to the Board of Directors of the CTHF. Commissioner Choper **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ANGELES TURF CLUB (T) AT SANTA ANITA PARK RACE TRACK, COMMENCING DECEMBER 26, 2013 THROUGH JUNE 29, 2014, INCLUSIVE.

Tom Luke, of the Los Angeles Turf Club (LATC), stated LATC and the Thoroughbred Owners of California (TOC) had a verbal agreement on the stakes schedule through April 13, 2014. Chairman Israel asked Joe Morris, representing the TOC, if he believed there would be TOC

approval. Mr. Morris stated he did, through April 13, 2014. Mr. Luke said there was some difficulty because the Graded Stakes Committee had raised its purse minimums with grade two races going from \$150,000 to \$200,000. He said after April 13, 2014 there were stakes races from Betfair Hollywood Park (Hollywood Park) still requiring negotiations between the associations over who would get them, and at what level. Chairman Israel asked if there was a California Thoroughbred Trainers (CTT) agreement. George Haines, of LATC, stated the CTT approval was very close. Chairman Israel noted that Alan Balch, representing the CTT, was nodding his head in agreement. Chairman Israel asked if there were agreements with advance deposit wagering (ADW) providers. Scott Daruty stated LATC would finalize the agreements after the ADW provider licenses were reviewed by the Board and it was decided who would have content inside or outside of California. Chairman Israel asked about the status of the vanning and stabling agreement. Mr. Haines stated further negotiations with the industry, regarding the financing of off-site stabling, were still needed. Chairman Israel asked about LATC's takeout increase request. Mr. Luke stated LATC was no longer adjusting the takeout on the pick five and would be lowering the takeout on the daily double from 22.68 percent to 18 percent. Chairman Israel asked if there was progress on the requirement for signals to be carried on both TVG and HRTV. Mr. Daruty stated an agreement was reached for all of the California thoroughbred tracks to be available on both networks for the 2014 year. Commissioner Rosenberg asked for clarification on Mr. Daruty's description of ADWs having content inside or outside of California. Mr. Daruty described the difference between, and the requirements for, ADW providers who had a licence to accept wagers from California residents on content inside and outside of California; and ADW providers who accept wagers from residents of other states on content coming from California. Chairman Israel asked for a description of the proposed

meet up to April 13, 2014. Mr. Luke stated the proposed meet would start on December 26 and usually run Thursdays through Sundays, but also included Wednesday Jan 1, 2014. He said LATC increased the purses for its stakes races by \$900,000, including the Santa Anita Derby from \$750,000 to \$1 million and the Santa Anita Oaks from \$300,000 to \$400,000. Vice-Chairman Winner asked if there were any changes in grading. Mr. Luke stated it had been worked out so no stakes were lost. Commissioner Beneto asked if the break after April 13, 2014 would be for a week. Mr. Luke stated the break would be until April 19, 2014 giving the turf an extra break and allow a reset on the racing statistics. Chairman Israel asked if LATC was renaming the meet starting in April 19, 2014. Mr. Haines stated there would still be simulcast wagering during the break. Commissioner Beneto asked if the break was during traditional Hollywood race days. Mr. Luke stated LATC's 2013 winter/spring meet ran through April 20. Chairman Israel said the race dates after the break should be considered a separate meet requiring an application in February 2014. Mr. Luke said that was ok. Chairman Israel asked what the total purse amount was. Mr. Morris stated \$20,923,000. Chairman Israel asked if the purses for the spring/summer meet will be compared to Hollywood Park. Mr. Luke stated they were anticipated to be the same or more, dependant on which stake races were given to LATC. Commissioner Krikorian stated there were no filly three-year-old dirt short races after January 4, 2014. Mr. Luke stated the schedule was the same as 2013, but it was a valid point and would be looked into. Vice-Chairman Winner asked for the status on backstretch improvements. Mr. Luke said LATC had just hired a new stall superintendent, Jeff Mullin, and had completed over \$1 million in improvements to the backstretch. He said there was now an online reporting system that went straight to the stall superintendent that had improved response time to any new issues. Commissioner Krikorian stated the barns were old and posed a significant fire threat. He

acknowledged that improvements were made but asked how long the planned barn replacement would be delayed. Mr. Daruty stated the renovation was tied to the storm water improvements. He said Keith Brackpool, of LATC, sent the Board the long term plans which included both issues. Mr. Daruty said the fire hazard was a separate issue as new barns would also be made of wood. He said LATC had sprinklers in the barns and were inspected by the fire marshal prior to each meet. Commissioner Krikorian stated the new barns should be made of concrete block and metal roof. Mr. Daruty stated barns were wood structures throughout California. Commissioner Derek asked Commissioner Krikorian if he believed all wooded barns needed to be converted to concrete block. Commissioner Krikorian stated he did not; but he did want to emphasize that a concrete block barn would be safer. Vice-Chairman Winner stated the fire safety in the barns was an old issue, one that had not been addressed to the satisfaction of some of the Board members; however, everything else LATC proposed, including the shared signal between TVG and HDTV, was positive. Commissioner Choper stated Frank Stronach gave a sincere presentation to the Board in 2007 saying improvements on the backstretch would be a high priority item; and yet, the issue remained. Commissioner Beneto stated the application for race dates needed to include a specific detailed plan for improvements. Vice-Chairman Winner stated Frank DeMarco, of LATC, told the Board at its July 18, 2013 Regular Meeting that he would return the next month with a detailed report on the negotiations with the Regional Water Quality Control Board (RWQCB), and he had not yet provided the report. Mr. DeMarco stated the following week there would be a meeting between LATC and the RWQCB and he would be in a better position to give details. Chairman Israel said at the December 12, 2013 Regular Meeting LATC needed to provide the Board a clear schedule for the backstretch improvements. Mr. DeMarco stated the RWQCB had already imposed a calendar that LATC was required to follow

or face extensive fining; the Board did not need to worry about LATC staying on schedule. Chairman Israel said the RWQCB and the CHRB had different concerns; the RWQCB were concerned with LATC's environmental impact, where as CHRB was concerned with the health, welfare, and safety of the employees, the horses, and the public. He said these concerns were not opposed, but they may demand a different calendar, and one needed to be provided. Mr. DeMarco said if it was doable it would be done. Nate Newby, representing LATC, stated LATC had a successful Breeders' Cup with \$160 million in wagers nationwide. He stated the 2014 LATC marketing budget was around \$6 million. Mr. Newby said the focus would be shifting from increasing attendance to increasing handle, targeting high volume players. Chairman Israel stated the twilight racing on Fridays was a great opportunity to promote LATC as a nighttime entertainment destination. Mr. Newby said LATC was planning on bringing in different types of featured entertainment for after the evening racing. Commissioner Beneto asked if LATC had a backstretch tour. Mr. Newby stated there was a weekend tour with a 40 person tram that was often sold out. He said LATC was working on a virtual tour for the website. Vice-Chairman Winner stated the LATC internship program was very successful. Mr. Newby said there were ten interns from six colleges who answered guests' questions, showed the various seating options and assisted them with their first wagers. Vice-Chairman Winner asked if the trade with CBS for outdoor billboards was included in the \$2.3 million budget for advertising. Mr. Newby stated only the hard costs associated with the billboard trade, not the full value of the deal. Commissioner Rosenberg asked if the total for the 2014 marketing budget, found on page 37 of the report, covered the entire year or only the winter/spring meet. Mr. Newby stated it was for the entire year. Commissioner Rosenberg asked how the total compared to 2013. Mr. Newby said per day it was somewhat similar; however, the actual total was up nearly 40 percent.

Commissioner Rosenberg asked if the total included money from the California Marketing Committee. Mr. Newby stated that was a separate budget. Commissioner Beneto asked about the loss in revenue associated with not having enough horses and running four days a week instead of five. Mr. Haines said even when LATC closed there were fixed costs, including backstretch operations, that needed to be absorbed. Commissioner Beneto asked how many more horses would be needed to run the fifth day. Mr. Haines stated somewhere between four and five hundred. He said the race horses in Southern California had a much lower race per stall than Northern California and it would also help to get that number higher. Tom Luke, of LATC, stated that LATC had hired Dennis Moore as Track Superintendent in cooperation with Hollywood Park and Los Alamitos Quarter Horse Racing. Commissioner Choper **motioned** to approve the Application for License to Conduct a Horse Racing Meeting of the LATC, commencing December 26, 2013 through April 20, 2014, inclusive, contingent upon receiving all outstanding items. Vice-Chairman Winner **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION (Q) AT LOS ALAMITOS RACE COURSE, COMMENCING DECEMBER 27, 2013 THROUGH DECEMBER 21, 2014, INCLUSIVE.

Chairman Israel asked if there was a resolution regarding the dispute between Los Alamitos Quarter Horse Racing Association (Los Alamitos) and the California Harness Horsemen's Association over the importation of out-of-country races. Robert Miller, CHRB General Counsel, stated he reviewed the applicable statutes and the materials submitted by the parties and concluded consent of the harness meet was not required to import out-of-country races. He said

Los Alamitos was acting as a proxy host for Betfair Hollywood Park and it would be serving as a proxy host for the Los Angeles Turf Club Meeting. Brad McKenzie stated Los Alamitos was applying in 2014 for its traditional quarter horse race dates with purse levels similar to those in 2013. Commissioner Choper **motioned** to approve Application for License to Conduct a Horse Racing Meeting at Los Alamitos, commencing December 27, 2013 through December 21, 2014, inclusive. Commissioner Beneto **seconded** the motion, which was **unanimously carried**.

DISCUSSION BY THE BOARD REGARDING HOLLYWOOD PARK'S PLANS, WHEN LIVE RACING CONCLUDES, TO CONTINUE SATELLITE WAGERING IN THE CARD CLUB SITUATED ON THE HOLLYWOOD PARK PROPERTY, ADJACENT TO THE GRANDSTAND, PURSUANT TO BUSINESS AND PROFESSIONS CODE SECTION 19605.54.

Jack Liebau, of Hollywood Park Racing Association (Hollywood Park), stated the renovated simulcast facility within the Hollywood Park Casino would be one of the finest in California. He said Cole Younger was going to be head of operations. Commissioner Rosenberg asked who the controlling owner of the facility was. Mr. Liebau stated the Hollywood Park Land Company through the Hollywood Park Casino would rent space within the casino to Hollywood Park to run the facility. Commissioner Rosenberg asked who ran the casino. Mr. Liebau stated currently it was run by a company named "Lex" but would ultimately run by the Hollywood Park Casino. Commissioner Rosenberg asked if the renovations included an expansion of the simulcast wagering area. Mr. Liebau stated the existing facility had about 9,000 square feet; the new facility would have 18,000 square feet. Commissioner Krikorian asked if the new facility would retain its 20-mile radius restriction rights. Mr. Liebau stated there was an agreement with SCOTWINC to reduce the radius restriction to nine miles.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF ODS TECHNOLOGIES, L.P., DBA TVG, FOR AN OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB, FOR A PERIOD OF UP TO TWO YEARS.

Items 7-11, applications for approval to conduct advance deposit wagering, were heard together.

The summary of the discussion can be found below, under item 11, the application for Lien Games.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF CHURCHILL DOWNS TECHNOLOGY INITIATIVES COMPANY, DBA TWINSPIRES.COM, FOR AN OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB, FOR A PERIOD OF UP TO TWO YEARS.

Items 7-11, applications for approval to conduct advance deposit wagering, were heard together.

The summary of the discussion can be found below, under item 11, the application for Lien Games.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF WATCH AND WAGER.COM, LLC, FOR AN OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB, FOR A PERIOD OF UP TO TWO YEARS.

Items 7-11, applications for approval to conduct advance deposit wagering, were heard together.

The summary of the discussion can be found below, under item 11, the application for Lien Games.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF XPRESSBET, LLC, FOR A CALIFORNIA MULTI-JURISDICTIONAL WAGERING HUB, FOR A PERIOD OF UP TO TWO YEARS.

Items 7-11, applications for approval to conduct advance deposit wagering, were heard together.

The summary of the discussion can be found below, under item 11, the application for Lien Games.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF LIEN GAMES RACING, LLC FOR AN OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB, FOR A PERIOD OF UP TO TWO YEARS.

Ed Cummings, of Watch and Wager (WAW), stated WAW had been licensed to provide advance deposit wagering (ADW) for harness racing. He said thoroughbred hub agreements were the only missing element to prevent WAW from providing thoroughbred ADW. Mr. Cummings stated WAW began operating Cal Expo Harness Racing (Cal Expo) with a firm commitment; however, WAW had always been clear to the Board that without being able to provide thoroughbred ADW WAW's management at Cal Expo would not continue. He stated competition was a healthy part of European ADW, and would be the same in California. Chairman Israel stated competition meant offering the Thoroughbred Owners of California, and the California racing associations an offer they could not refuse; instead WAW's offer was the same as the other ADW providers. Mr. Cummings said that could be looked into. Chairman Israel stated it was not the Board's place to interfere in the negotiations of private businesses. Commissioner Rosenberg stated the Board had a responsibility to ensure fairness if an ADW provider also owned an association. He said WAW wanted to bring \$2 million in marketing into California, which would be great for the industry. Scott Daruty, representing Xpressbet, stated

Xpressbet entered the California ADW market earning less money per dollar than its competitors, and without the content from Hollywood Park and Del Mar. It continued to operate at a competitive disadvantage until it proved to the associations and the TOC that what it brought to the table was worth an equal share. Commissioner Rosenberg stated that Xpressbet had the advantage of controlling HRTV. Mr. Daruty said yes, Xpressbet was owned by an entity that owned associations and HRTV and it still needed to start with a lower economic deal and less content than its competition. Commissioner Rosenberg asked if Mr. Daruty opposed licensure of new ADW providers. Mr. Daruty stated as a representative of Xpressbet it was not up to him; as a representative of the Los Angeles Turf Club at Santa Anita (LATC) he was always looking for the optimum point between maximum distribution and maximum price. He said it was not always the case that more distribution was better. Mr. Daruty said LATC was not the only entity that could sign an ADW thoroughbred hub agreement; any other thoroughbred racetrack, or the TOC, could sign a hub agreement for thoroughbred racing. Joe Morris, of the TOC, stated the relationships between the existing parties were complicated and intermingled. He said the TOC was studying the effect of including WAW as a thoroughbred ADW provider, including its effect on the purses. Mr. Morris said if the deal was good for purses the TOC would stand behind it. Chairman Israel stated the TOC could leverage the race meet requirement of a TOC agreement to get an association to include WAW. Mr. Morris stated it could be part of a negotiation, but that would be between the TOC and the association. Chairman Israel asked if WAW was pursuing quarter horses as well. Mr. Cummings said negotiations for quarter horse night racing had almost been finalized. Chairman Israel asked if Lien Games (Lien), had pursued a quarter horse or a harness racing hub agreement. John Ford, of Lien, stated Lien had a harness agreement, and a thoroughbred hub agreement with the California Authority of Racing Fairs (CARF). Chairman

Israel asked how Lien was able to get CARF to sign when WAW could not. Mr. Ford stated the hub fee was not different than the competition; however, Lien was providing a half point on all handle from California residents to CARF and the TOC, and would also be introducing fantasy sports into their satellite facilities. Mr. Morris stated there was disagreement about CARF receiving extra money from bets on content from LATC or the Del Mar Thoroughbred Club (Del Mar) or any other track. Chairman Israel stated the idea of Lien games paying CARF extra money for content derived from Del Mar or LATC did not make sense. Mr. Ford agreed, stating Lien was willing to negotiate a financial agreement that made everyone happy. Commissioner Rosenberg stated the hub agreement did not allow Lien to provide wagers on content from a California association without that association's approval. Mr. Ford said the hub agreement did allow for Lien to take bets from California residents on content outside of California. Chairman Israel asked if Lien had agreements with the New York Racing Association. Mr. Ford said it did not, but it did have Churchill Downs, and Keeneland Thoroughbred Racing. Chairman Israel asked if CARF would get a share of the wagers on out of state content. Mr. Ford stated yes, on all wagers by California residents on thoroughbred content. Commissioner Choper asked if the TOC received a cut of the same. Mr. Morris stated yes. Commissioner Choper said there was an issue with LATC, GGF, Monarch Content Management (Monarch), and Xpressbet being owned by the same company and that it would be difficult for LATC to make a decision for its sole interest without considering its relationship to the interests of the others. He said there was a difference between healthy competition and destructive competition, but that both Lien and WAW had shown their customer base to be wider than the ADW providers currently licensed to provide thoroughbred racing, which would be beneficial for LATC. Chairman Israel stated a related issue was the influence of TVG, which possessed 70 percent of the ADW business in

California. Commissioner Beneto asked if HRTV was part of Xpressbet. Mr. Daruty stated HRTV was owned by Churchill Downs and the Stronach Group and therefore affiliated with both Twinspires and Xpressbet. He said it was true that both TVG and Xpressbet had close relationships with the California associations, but that was why the statute allowed for any single association or the TOC to validate a hub agreement, making it impossible for any one entity to block it. Mr. Daruty stated it was difficult to support a new ADW provider that was buying its way into the California market with a half of a percentage point after comparing it to all of the investment from both TVG and Twinspires. Commissioner Rosenberg stated the amount Twinspires and TVG invested in the past would not be relevant to LATC if it was only looking out for its own interests. He asked if the TOC had discussed its position on allowing competition in the ADW market. Mr. Morris stated not yet, as it was just coming up before the TOC Board. He stated LATC could not be a part of a deal that gave CARF a percentage of wagering on races from Del Mar or LATC. Robert Miller, CHRB General Council, stated when the statute was passed there was no Monarch, which now had a negotiating monopoly on Southern California racing. Mr. Daruty stated he had to disagree on account of the members of Monarch being allowed to ultimately make their own decision, such as CARF was doing by signing the hub agreement. Commissioner Rosenberg stated Del Mar had turned down Lien by stating it was not interested due to its relationship with Monarch. He said members in Monarch might not be contractually bound, but they were pressured to keep their relationship with Monarch. Commissioner Beneto asked Mr. Daruty why he thought TVG had 70 percent of the ADW market while Xpressbet and twinspires shared 30 percent. Mr. Daruty stated it was because they got an earlier start. Commissioner Beneto said he disagreed; it was because TVG had a better product that had a better overview of all the current racing at the bottom of the screen. Chairman

Israel asked if WAW did not get its desired ADW agreement was it ending its management of Cal Expo harness racing. Mr. Cummings said WAW's commitment would be reviewed. He stated when Lien came to WAW for an ADW agreement, it was a simple decision and WAW signed the authorization. Chairman Israel asked what the status was on Twinspires hub agreement with LATC. Mr. Daruty said Churchill Downs Corporate had stated it would not pay a \$5 million debt to an affiliate of LATC, bringing into question the wisdom of continuing the hub agreement. Chairman Israel asked if there was an estimate on the industry impact of Twinspires no longer providing ADW for California. Mr. Daruty stated it had not been determined. Brad Blackwell, representing Twinspires, stated the money owed was in dispute and was a local issue in Florida. Twinspires believed it should be handled in Florida, but the Stronach Group, or Monarch, or Mr. Daruty believed the issue should be brought before California to leverage the outcome. He said he agreed with Commissioners Rosenberg and Choper in their comments on the issue of Monarch's manipulations of the California ADW market. Mr. Blackwell stated when the debt issue with LATC came up Twinspires pursued a hub agreement with other associations and was turned down because the other associations did not want to get involved in the issue Twinspires had with the LATC. Commissioner Beneto asked why it took so long, sometimes up to 60 days, for ADW providers to pay the tracks. Mr. Hindman said TVG paid monthly. Chairman Israel asked about the cancel wager policy that had been reported on by the media. Gene Chabrier, representing Xpressbet, stated Xpressbet had raised the limit on cancellations for its VIP players to \$1,000 per day, \$5,000 a month; compared to the \$250 a day, \$750 a month limit for normal players. Mr. Blackwell said Twinspires's cancellation limits were at \$750 per week for normal bettors, and \$3,000 a week for VIP's, both limited to canceling no more than 20 bets a week. Mr. Hindman stated TVG cancelation limits

were \$1,000 per bet, \$5,000 per day, and \$15,000 per month. Mr. Cummings said WAW cancellations up to \$999 needed to be approved by a supervisor, and anything above \$999 approved by a senior supervisor. Mr. Ford stated Lien games had an average of \$7.32 per wager and followed host track rules for cancellation. Commissioner Rosenberg stated the reason for the low wager average was the way Lien cross marketed with its fantasy sports customers. Vice-Chairman Winner stated he saw this as important evidence that Lien was not attempting to cannibalize existing customers and were finding their own base of ADW customers. Mr. Daruty asked how LATC should promote ADW on its race meet starting December 26, 2013 when there was uncertainty on who would be licensed. Chairman Israel stated the Board would be unable to solve the issue with Lien and WAW, and it would be unable to license Twinspires without a hub agreement. Mr. Blackwell stated Twinspires ADW provided the California horse racing industry a valued product. Mr. Daruty said LATC was looking for a solution with Churchill Downs, but meanwhile would like the Board to license TVG and Xpressbet so that LATC could start promoting its winter/spring race meet. Mr. Hindman agreed stating that TVG had no issue that needed to be further negotiated. Commissioner Rosenberg stated LATC was using the need to market as an excuse to get its license and relieve the Board of its only leverage to get LATC to share its content. Vice-Chairman Winner suggested the Board vote on each application separately as each had its own issues. Mr. Blackwell stated if there was an issue of five million for Twinspires license it was an issue that should apply to Xpressbet's license as well. Mr. Daruty said if Xpressbet was going to be held accountable for something outside of statute, such as who LATC had agreements with, it should be clearly stated. Vice-Chairman Winner **motioned** to approve the application for License to Conduct ADW by TVG, for a California multi-jurisdictional wagering hub, for a period of one year. Commissioner Beneto **seconded** the

motion, which was **unanimously carried**. Chairman Israel **motioned** to approve the application for License to Conduct ADW by Twinpires, for a California multi-jurisdictional wagering hub, for a period of one year, contingent upon providing all outstanding items including a valid hub agreement. Commissioner Rosenberg **seconded** the motion, which was **unanimously carried**. Commissioner Rosenberg **motioned** to approve the application for License to Conduct ADW by WAW, for a California multi-jurisdictional wagering hub, for a period of one year, contingent upon providing all outstanding items, including thoroughbred association approval. Commissioner Krikorian **seconded** the motion, which was **unanimously carried**. Vice-Chairman Winner **motioned** to approve the application for License to Conduct ADW by Xpressbet, for a California multi-jurisdictional wagering hub, for a period of one year. Chairman Israel **seconded** the motion, which was **carried**, Commissioner Choper **voting no**. Commissioner Krikorian **motioned** to approve the application for License to Conduct ADW by Lien, for a California multi-jurisdictional wagering hub, for a period of one year, contingent upon providing all outstanding items, including any thoroughbred association approval outside of CARF. Commissioner Derek **seconded** the motion, which was **unanimously carried**.

REPORT FROM THE NORTHERN CALIFORNIA RACING AD HOC COMMITTEE.

Chairman Israel stated item 12 would not be heard.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE ALLOCATION OF THE NORTHERN CALIFORNIA 2014/2015 RACING CALENDAR AND RELATED ISSUES FOR 2014/2015.

Chairman Israel stated item 13 would not be heard.

PUBLIC HEARING AND ACTION BY THE BOARD REGARDING THE **PROPOSED ADDITION OF CHRB RULE 1927.1, TAMPERING WITH SMOKE DETECTORS PROHIBITED**, TO INCLUDE PENALTIES RELATIVE TO TAMPERING WITH FIRE SAFETY EQUIPMENT I.E. SMOKE DETECTORS. (NOTE: THIS CONCLUDES THE 45-DAY PUBLIC COMMENT PERIOD. THE BOARD MAY ADOPT THE PROPOSAL AS PRESENTED.)

Commissioner Derek **motioned** to approve the proposed addition of CHRB Rule 1927.1, Tampering with Smoke Detectors Prohibited, to include penalties relative to tampering with fire safety equipment i.e. smoke detectors. Vice-Chairman Winner **seconded** the motion, which was **unanimously carried**.

REPORT FROM THE PARI-MUTUEL/ADW AND SIMULCAST COMMITTEE.

Chairman Israel stated this item was covered by discussion on items 7-11, applications for approval to conduct advance deposit wagering. The summary of the discussion can be found, under item 11, the application for Lien Games.

REPORT FROM THE MEDICATION AND TRACK SAFETY COMMITTEE.

Commissioner Derek stated the Medication and Track Safety Committee discussed horse slaughter, which was illegal in California. She said the Stronach Group had a house rule in place which provided that anyone proven to be involved in horse slaughter was be banned from its tracks; staff and the Thoroughbred Owners of California were working together to get other associations to adopt similar house rules. The CHRB was also looking into its own options for denying licenses to anyone proven to be involved in horse slaughter. There was discussion on adjusting authorized medications to be more consistent with the recommendations of the Association of Racing Commissioners International (ARCI), and the Racing Testing and

Medication Consortium. Commissioner Derek said Dr. Rick Arthur, CHRB Equine Medical Director, and Craig Fravel provided a brief report on the successful and safely run Breeders' Cup. Dr. Arthur reported on the medication violations for the 2012/2013 fiscal year. Dr. Dionne Benson provided an overview of the ARCI's new model rule for suspensions of trainers who repeatedly violate medication rules. Chairman Israel stated that due to the tenacity of Commissioner Derek there was a requirement to have paramedics on the race track; that requirement helped save Johnny Velasquez's life when he was injured at the Breeders' Cup. Commissioner Derek said getting the change was a group effort, an expensive one, where the industry came together and did the right thing.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED AMENDMENT TO **CHRB RULE 1844, AUTHORIZED MEDICATION**, TO REVISE THE LEVELS OF SPECIFIED AUTHORIZED MEDICATION AND TO ADD ADDITIONAL DRUG SUBSTANCES, CONSISTENT WITH THE RACING COMMISSIONERS INTERNATIONAL (RCI) AND RACING MEDICATION AND TESTING CONSORTIUM (RMTC), TO THE LIST OF CALIFORNIA'S AUTHORIZED MEDICATION.

Dr. Rick Arthur, CHRB Medical Equine Director, stated the proposed amendment to Rule 1844 would assist in making the rules of California consistent with the Association of Racing Commissioners International (ARCI) Model Rules. He said while not allowed on the National Uniform Medication Rule, promazine, atropine, benzocaine, albuterol, and salicylates had been grandfathered in and would remain allowable in California. Promazine, atropine, and benzocaine do not pose any known issues; albuterol had important therapeutic properties, especially with clenbuterol being banned; and salicylates were found as an environmental contaminant in many hays. Dr. Dionne Benson, of the Racing Medication Testing Consortium (RMTC), stated there were nine states already conformed to the standards. She said the level of

allowable albuterol had not yet been determined but leaving it unchanged was better than removing it and then putting it back on once the allowable level was agreed upon. Dr. Arthur said the thresholds all had established withdrawal times based on dose and route of administration and were available through the RMTC. Commissioner Derek **motioned** to direct staff to initiate a 45-day public comment period regarding the proposed amendment to CHRB Rule 1844, **Authorized Medication**, to revise the levels of specified authorized medication and to add additional drug substances, consistent with the Association of Racing Commissioners International (ARCI) and Racing Medication and Testing Consortium (RMTC), to the list of California's authorized medication. Vice-Chairman Winner **seconded** the motion, which was **unanimously carried**.

DISCUSSION REGARDING THE REPORT ON THE ENVIRONMENTAL AND TOXICOLOGY TESTING CONDUCTED AT BETFAIR HOLLYWOOD PARK IN CONJUNCTION WITH THE SUDDEN DEATHS THAT OCCURRED AT THAT RACETRACK.

Chairman Israel stated it was important to stay on schedule and release the report to the public; however, it had been completed only a day before and the Board members had not had enough time to thoroughly review its findings. Dr. Arthur stated the report was a very complex investigation; the public was going to realize it took serious effort to complete. Chairman Israel said he appreciated the effort, but the deadline to release the report coincided with congressional hearings on the subject matter, further putting the Board in an awkward position if it did not release the report immediately. Dr. Arthur stated the investigation concluded there was no factually based explanation for the cluster of sudden horse deaths in barn 61, trained by Bob Baffert, at Hollywood Park. He said there was no evidence that CHRB rules or regulations had

been violated, or that any other improper activity was a factor in the sudden deaths. Dr. Arthur stated that equine sudden deaths were not uncommon and made up four to twelve percent of reported California thoroughbred fatalities. Dr. Arthur said the first case investigated died while galloping on November 4, 2011. It was the last sudden death of a horse trained by Mr. Baffert, that was handled in a routine matter; nothing unusual was found. The second case died after finishing a race on November 26, 2011. Dr. Joe Bailey, the official veterinarian, noted it was the second sudden death of a horse trained by Mr. Baffert in less than a month which triggered a special examination. Dr. Arthur stated statistically the number of sudden deaths during training had gone up between 2010 and 2012, where the number of racing fatalities had not. During that time Mr. Baffert had 8 sudden deaths where there was only one other trainer that had three and only two or three trainers that had two. Chairman Israel asked if it was an anomaly or not. Dr. Arthur said statistically it was extremely abnormal. Chairman Israel stated the anomaly, however, was unexplainable. Dr. Arthur said that was correct. He spoke of each case and the specific causes of death. In case number six the horse was found to have blood levels of an anticoagulant found in rodenticide; however, the rodenticide brand was not in use at Hollywood Park. Vice-Chairman Winner asked if the rodenticide was in use at other racetracks. Dr. Arthur stated it was used in liquid form at Santa Anita over the summer while there were no horses. Chairman Israel asked if that could explain the finding of rodenticide. Dr. Arthur stated it could; the report had a full explanation. Chairman Israel asked if case number one had an enlarged heart, like found in human athletes that die of Marfan's disease. Dr. Arthur said the heart had an inflamed AV node, but there were many conditions where a horse got post-exercise arrhythmias, which often showed little underlying pathology. He said it was lucky that in all of the cases urine was obtainable and it was possible to complete a toxicology report; the only unusual

finding was an incidental nonsteroidal anti-inflammatory drug called Surpass in case number four. Dr. Arthur stated three of the horses had a light exercise history the others were all trained vigorously. He said this was in comparison to average levels and not in comparison to a peer with the same quality of horse and success of Mr. Baffert. He said case number three was unusual because it had equine protozoal myelitis (EPM); however, EPM was a rare cause for a horse to die suddenly. Vice-Chairman Winner stated there were ways for a layperson to diagnose EPM. Dr. Arthur stated it depended on where in the brain the parasite was located; in this case it was in the brain stem. He said the most troubling drug finding of the entire report was the use of levothyroxine, which Mr. Baffert used on all of his horses. Vice-Chairman Winner stated it was prescribed for hypothyroidism. Dr. Arthur stated that no thyroid levels were tested on any of the cases, but that hyperthyroidism was associated with cardiac arrhythmias. He said this finding did not explain why the only horses in Baffert's barn to succumb to sudden death were at Hollywood Park, and not his horses located at Del Mar or Santa Anita. Vice-Chairman Winner asked if the use of levothyroxine was legal. Dr. Arthur stated it was. Vice-Chairman Winner asked if the soil in the barn was analyzed. Dr. Arthur said environmental toxicology found nothing of concern. He said although the investigation was inconclusive, it had dramatically improved CHRB's ability to investigate sudden deaths in the future. Dr. Francisco Uzal, of University of California Davis, summarized what was involved in a sudden death horse necropsy exam, including every viscera, the entire central nervous system, complete cardiac necropsy, parasitological exam, and then toxicology. He stated using gas chromatography, liquid chromatography, and mass spectrometry, the samples were compared with a library of over 300,000 substances. Dr. Uzal stated of the seven cases investigated beyond the routine manner: five were due to cardiopulmonary failure, one possibly due to EPM,

and the one with the rodenticide. He said of the five caused by cardiopulmonary failure two were due to acute changes in the cardiac muscle; of the remaining three two had visible inflammation in the cardiac tissue. Dr. Arthur stated the evidence led to the conclusion that this could not have been done intentionally. Vice-Chairman Winner said all but the first three horses were owned by different owners, not all were insured, not all were racing, not all were claimed. Chairman Israel stated the horses were different ages and genders. Vice-Chairman Winner said there was no found pattern in any of the data. Dr. Arthur stated Mr. Baffert, his staff and his veterinarians were all very cooperative with the investigation. Commissioner Krikorian asked what would happen to the evidence from the investigation. Dr. Uzal said as soon as something was determined to be unusual the samples were saved indefinitely. Chairman Israel stated the seven cases had gotten closer scrutiny than any other cases he had seen.

MEETING ADJOURNED AT 1:50 P.M.

A full and complete transcript of the aforesaid proceedings are on file at the office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California, and therefore made a part hereof.

Chairman

Executive Director

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Santa Anita Park Race Track, Baldwin Terrace Room**, 285 West Huntington Drive, Arcadia, California, on **December 12, 2013**.

Present: David Israel, Chairman
Chuck Winner, Vice-Chairman
Steve Beneto, Member
Jesse H. Choper, Member
Bo Derek, Member
George Krikorian, Member
Richard Rosenberg, Member
Jacqueline Wagner, Assistant Executive Director
Robert Miller, General Counsel

PUBLIC COMMENT

Gail Mathews, of Winning Hands Equine Massage Therapy, thanked the Board for its work in preventing the sale of racehorses for slaughter. Ms. Mathews also stated Tranquility Farms was downsizing, due to economic reasons, and would leave 105 retired racehorses without a home. She said the industry should provide more money for the care of racehorses after retirement. She suggested imposing a fee on the owners at the beginning of the horse's career.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE DISTRIBUTION OF RACE DAY CHARITY PROCEEDS OF THE DEL MAR THOROUGHBRED CLUB IN THE AMOUNT OF \$152,665 TO 11 BENEFICIARIES.

Commissioner Derek **motioned** to approve the distribution of race day charity proceeds of the Del Mar Thoroughbred Club in the amount of \$152,665 to 11 beneficiaries. Commissioner Choper **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE **APPLICATION FOR LICENSE TO OPERATE A MINISATELLITE WAGERING FACILITY OF S&S VENUES CALIFORNIA, LLC IN NORCO, CALIFORNIA, FOR A PERIOD OF UP TO FIVE YEARS.**

Rick Baedeker, representing Sportech and Southern California Off-Track Wagering Inc. (SCOTWINC), stated the City Council of Norco was very positive about the idea of a minisatellite facility opening in its city. Commissioner Krikorian stated he had reviewed the application and strongly recommended its approval. Commissioner Rosenberg asked if the proposed facility was part of the plan Sportech previously presented to the Board which proposed \$20 million in investments into California minisatellites. Phil Balderamos, of Sportech, stated yes, the proposed Norco facility would be part of Sportech's joint development plan. Mr. Baedeker stated the Norco facility's main purpose would be satellite wagering, and would be the first to incorporate the wagering into the restaurant. He said if growth continued, handle from minisatellites would double to \$500,000 a day by the end of 2014. Mr. Balderamos said if approved by the Board the applicant would seek permits and begin remodeling the proposed minisatellite in the middle of January 2014. He said the existing structure was an office building, but change of use permits and a full liquor license had been obtained. Chairman Israel said that it explained why there was no fire clearance, workers' compensation certificate, occupancy permit, or facility photos. Vice-Chairman Winner **motioned** to approve the application for license to operate a minisatellite wagering facility of S&S Venues California, LLC in Norco, California, for a period of five years. Commissioner Krikorian **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM NORTHERN CALIFORNIA OFF TRACK WAGERING INC. (NCOTWINC) TO CONTINUE THE MODIFICATION OF THE DISTRIBUTION OF MARKET ACCESS FEES FROM ADVANCE DEPOSIT WAGERING (ADW) AT A RATE OF 2.9% AS PERMITTED UNDER BUSINESS AND PROFESSIONS CODE SECTION 19604(F)(5)(E) FOR WAGERING CONDUCTED BY THOROUGHBRED ASSOCIATIONS IN THE NORTHERN ZONE.

Chris Korby, of the California Authority of Racing Fairs (CARF), stated the proposal to keep the modification of the distribution of market access fees from advance deposit wagering (ADW) did not directly affect CARF; however CARF was in favor of it as a member of Northern California Off-Track Wagering Inc (NCOTWINC). Cal Rainey, representing Golden Gate Fields, stated the 2.9 percent was the rate same as first requested in July 2010 and extended through to June 30, 2012 when it had been reduced to 2.15 percent. He said due to unexpected revenue loss, NCOTWINC was asking to return to the 2.9 percent level to allow it to balance its books. Joe Morris, representing the Thoroughbred Owners of California (TOC), said the TOC was in favor of returning to the rate of 2.9 percent. Commissioner Rosenberg **motioned** to approve the modification of the distribution of market access fees from ADW at a rate of 2.9 percent as permitted under Business and Professions Code section 19604(f)(5)(E) for wagering conducted by thoroughbred associations in the northern zone. Chairman Israel **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM SOUTHERN CALIFORNIA OFF TRACK WAGERING INC. (SCOTWINC) FOR APPROVAL OF THE MODIFICATION OF MARKET ACCESS FEE DISTRIBUTIONS AS PERMITTED UNDER BUSINESS AND PROFESSIONS CODE SECTION 19604(F)(5)(E) FOR ADVANCE DEPOSIT WAGERING (ADW) HOSTED BY SOUTHERN CALIFORNIA THOROUGHBRED ASSOCIATIONS DURING CALENDAR YEAR 2014.

Jack Liebau, Chairman of Southern California Off-Track Wagering Inc. (SCOTWINC), stated SCOTWINC was requesting an increase in its modification of the distribution of market access fees from advance deposit wagering (ADW) from the current rate of 2.1 percent to 2.4 percent. He said the increase was needed because of the continued migration from brick and mortar facilities to ADW. Commissioner Rosenberg asked if the budget for SCOTWINC included having a general manager. Mr. Liebau stated SCOTWINC was run by its chairman and the mutual manager of the operating association. He had heard it said that NCOTWINC had a general manager; however, NCOTWINC was managed by the mutual manager of the Pacific Racing Association, which happened to be the only association in the north. Chairman Israel asked if Tom Varela served as general manager of SCOTWINC before he left. Mr. Liebau stated Mr. Varela served in that function, but SCOTWINC had been containing its costs and he was not replaced. Joe Morris, representing the Thoroughbred Owners of California, stated SCOTWINC was in the process of restructuring and would find a way to get a manager into the budget for 2014. Vice-Chairman Winner **motioned** to approve the modification of the distribution of market access fees from ADW at a rate of 2.4 percent as permitted under Business and Professions Code section 19604(f)(5)(E) for wagering conducted by thoroughbred associations in the southern zone. Commissioner Rosenberg **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REPORT FROM THE STABLING AND VANNING COMMITTEE REGARDING THE STATUS OF THE PREPARATIONS BEING MADE TO VAN HORSES TO THE VARIOUS TRAINING FACILITIES, AS THE CLOSING OF HOLLYWOOD PARK AS A TRAINING LOCATION DRAWS NEAR.

Chairman Israel asked how the transition from stabling at Hollywood Park was going to take place. Joe Morris, of the Thoroughbred Owners of California, stated the stall assignments were being issued on December 15, 2013. Scott Daruty, representing the Santa Anita Park Race Track (Santa Anita), said if the stalls were not assigned on December 15 then they would be assigned soon after. Tom Robbins, representing the Del Mar Racetrack (Del Mar), stated after the stall assignments were issued, disgruntled trainers would have a week to voice their complaints to Rick Hammerle, of Santa Anita, who would be responsible for making any possible changes to the plan. Commissioner Beneto asked if there was a limit of stalls per trainer assigned at Santa Anita. Alan Balch, of the California Thoroughbred Trainers (CTT), stated the CTT race meet agreement set the limit at 40 with a possibility of up to 50 stalls. He said that there would be an added issue of space for two-year-olds which were not admitted to stabling until February. He suggested estimating their number and factoring them into the current stall assignments. Chairman Israel stated there would be less two-year-olds in 2014 due to a low foal count in 2012 and an increase in overseas sales. Mr. Robbins said two-year-olds could come from many places and their number could not be estimated easily. Mr. Morris said between the stall assignments and Santa Anita's start on January 26, there would be ten days to move the horses into Santa Anita. Chairman Israel asked if there would be sufficient vanning. Mr. Morris stated the trainers and vanning people worked together on a regular basis for auxiliary training. Vice-Chairman Winner asked if the horses with assigned stall space were required to race at the track. Mr. Daruty stated such requirements were discussed, but it was something that would need to be

worked out after the system was in use. George Haines, of Santa Anita, said there would still be a need to use stalls for transit horses and other ponies. Mr. Balch stated the need for transit stalls would be higher than usual with the increase in auxiliary stabling. He said there were many reasons horses might not be able to race, such as a virus in the barn, making a strict rule unworkable. Mr. Balch said the CTT agreed with the Stronach Group that a policy where the trainers and the racing office worked together on a case-by-case basis to keep the starts per stall number high, was the most effective option. Commissioner Beneto asked if the racing secretary would be in charge of stall assignments. Mr. Morris stated the racing secretary and the stall manager of the host track would be responsible. Commissioner Beneto asked if there would be a preference for large local trainers over small trainers or out-of-state trainers. Mr. Haines stated Santa Anita was the preferred stabling for horses racing at Santa Anita, but just as in the past horses were directed to Hollywood Park, horses would be directed to one of the off-site locations. He said many of the two-year-olds would prefer to be at auxiliary training locations where it was less crowded, and more suitable to their training needs. Chairman Israel asked who the racing secretary at Santa Anita was for 2014. Brad McKenzie, of Santa Anita, stated it would be Bob Moreno. Mr. Balch stated small trainers would be able to fit into open spots in Santa Anita barns depending on what was available. Commissioner Beneto stated he did not want to see small stables split their horses between two or more locations. Commissioner Choper said attempts should be made to be hospitable to out-of-state stables, but assigning stabling was already an overly complicated task. Chairman Israel asked for the progress of improvements at San Luis Rey Downs (SLRD). Mr. Daruty stated the renovation was virtually complete; the racing surface was re-graded, track material added, safety rails installed, and the barns reconditioned. He said there were 569 stalls for a maximum of 495 horses, leaving some stalls

which could then be converted to tack rooms. The empty tack rooms could then be converted to dorms, adding to the 91 already existing dorm rooms. Chairman Israel asked if a gate crew and starter were hired. Mr. Haines said Santa Anita expected the people who had traditionally held those positions to return on a full time basis. Commissioner Krikorian stated it did not make economic sense to make 3,600 stalls available when the horse population required 2,500 stalls. Chairman Israel stated the 2,500 did not count the two-year-olds. Mr. Morris stated there could be up to 500 two-year-olds. Mr. Haines said there could be as many as 800 two-year-olds. Commissioner Krikorian stated that was still well under the 3,600 and remained an issue that could only be corrected by not including one of the off-site stabling locations. Chairman Israel stated it stopped being an issue when the Board voted to accept the agreement as a contingency for licensure. He said if an auxiliary site fell below minimum occupancy, as defined by the agreement, it needed to be closed. Commissioner Krikorian said the stabling occupancy needed to be watched and reassessed after six months. Chairman Israel stated that in six months Fairplex would discontinue being an auxiliary site. Mr. Robbins stated there were many unknowns in deciding on the number of needed stalls. He said the plan was to go into 2014 with plenty of stalls to make sure the owners were as comfortable as possible. Commissioner Krikorian stated his issue was the absence of a plan in case the numbers were much smaller than expected. Commissioner Beneto asked what happened in September, 2014, when Fairplex closed as an auxiliary site and Del Mar closed at the end of its race meet. Chairman Israel stated Del Mar still needed to be convinced to stay open until Santa Anita's fall meet started. Mike Seder, of Fairplex, stated Fairplex's water quality permit was being reviewed in 2014. He said becoming a full time auxiliary stabling facility would create long term issues for the renewal of the permit, and was not an option without funding from the industry. Chairman Israel asked for

someone to summarize the progress of improvements at Del Mar. Mr. Robbins stated the renovations to the Del Mar turf course were underway. He said the new course would be no less than 80 feet wide at any point, with a turn radius of 310 feet. The field size, previously limited to ten horses in route races and seven horses in turf sprints, would increase with the improved track. Mr. Robbins said the expansion would allow Del Mar to accommodate 14 horses in the event the Breeders' Cup selected it as a venue. Leif Dickenson, of Del Mar, stated the new irrigation system being installed would be the best performing system in North America. It would be completed mid-January, 2014, allowing for work on the profile, which when completed would then allow for the turf to be laid down sometime in early February, 2014. Mr. Dickenson stated the wider turf would allow for six rail positions to vary the course and decrease the turf wear; while still being able to run five furlong, mile-and-an-eighth, mile-and-a-sixteenth, mile-and-three-eighths, and mile-and-a-half courses. Commissioner Krikorian asked if a six, or six and a half furlong course would be available. Mr. Dickenson stated those lengths would require putting the starting gate in a turn, and therefore would not be available. Chairman Israel asked for a summary of the progress of improvements at Los Alamitos Race Course (Los Alamitos). Brad McKenzie, of Los Alamitos, stated the Cypress City Council had approved the permits for the project, and preliminary grading had begun. The track, which should be completed by January 22, 2014, would be 25 yards short of a mile but would function as a mile track with a seven furlong course around one turn and a mile-and-a-quarter course around two turns. He said the barn area would be ready by February 1, 2014, with room for 500 horses, including 161 rooms for employee housing, and 16 restrooms. Mr. McKenzie stated the barns were all constructed of cinderblock and steel, as well as equipped with smoke detectors. He stated Los Alamitos was hiring Bob Moreno as its racing secretary, Dennis Moore as its track

superintendent, Tony Allevato as its thoroughbred marketing director, and Jay Slender as its starter. Chairman Israel asked for a summary of Fairplex's preparations for becoming a training facility. Mr. Seder stated Fairplex would be ready at the end of January, 2014. He said soil amendments were being added to winterize the track and 500 stalls sat ready for use. Mr. Seder stated its only concern was when and how it was going to be paid. As projected there was a five month lag in stabling payments; Fairplex would have \$2 million in costs before receiving any payments. Commissioner Beneto stated the delay in payments was unreasonable and needed to be corrected. Chairman Israel said the delay in payments was due the fund running in a deficit, which was due to a loss in revenue as satellite wagering handle decreased. He said advance deposit wagering would need to be included in distributions for Stabling and Vanning, but it could only be done by legislation. Commissioner Krikorian said closing one of the auxiliary facilities would decrease the deficit and the delay in payments. Mr. Seder stated Fairplex, unlike the other auxiliary facilities, did not get any extra race days, and deserved priority payment from the Stabling and Vanning Fund. Chairman Israel said Fairplex did not get extra race days because it never asked the Board for them. Mr. Seder said the industry did not support Fairplex getting more days. Chairman Israel said Fairplex would have likely got the extra days that were given to Los Alamitos, as Los Alamitos stated it would have backed off its track expansion plan if Fairplex pursued extra days. Mr. Seder said that did not change the fact that Fairplex did not get extra days and was now asking for special consideration in payments for stabling. Vice-Chairman Winner stated a lot of work went into negotiating into a deal that satisfied all the concerned parties. He said the number of available stalls was part of that negotiation and the number was agreed upon; however, a delay in payments was never an issue in any of the previous discussions before the Board or ad hoc committee. He stated bringing it

up this late risked breaking up a deal that took months to complete. Mr. Daruty stated Santa Anita had already allowed the Stabling and Vanning Committee to make priority payments to both Fairplex and Hollywood Park for paying off previous debt. He said Santa Anita was willing to allow Fairplex to be the priority in payments for February and March only. Those two months would be used to assess the actual number of stalls needed with the influx of 2-year-olds. Mr. McKenzie stated Los Alamitos could agree to the two month compromise suggested by Mr. Daruty. Commissioner Choper asked how many entities were paid for stabling. Mr. Daruty stated there would be five, including future auxiliary stabling providers and the Stabling and Vanning Fund debt holders: Santa Anita, SLRD, Hollywood Park, Los Alamitos, and Fairplex. He said with Santa Anita, Hollywood Park, and Los Alamitos agreeing to give priority to Fairplex for two months, there was a consensus for the temporary solution. Vice-Chairman Winner asked if Santa Anita's approval of the two month compromise included SLRD approval. Mr. Daruty said it did. Commissioner Derek asked why Fairplex deserved priority when all of the other auxiliary facilities were putting more money into their facilities and Fairplex was not. Commissioner Beneto stated Santa Anita should be paying the bill as it was racing practically year round with the added race days. Chairman Israel said Santa Anita had already put \$3 million into SLRD and also would be investing heavily into improvements on its back stretch. Commissioner Krikorian stated allowing the deficit to grow was the problem. Chairman Israel said using Fairplex as an auxiliary facility was agreed to in July; it was too late to realize there was an issue with affordability. Commissioner Krikorian said in July he was in favor of opening Fairplex over the other facilities, not opening all of them together. Vice-Chairman Winner stated the CTT should comment on the issue as opening Fairplex was a contingency for its approval of the stabling agreement. He said the CTT made the argument that failing to have enough stalls

for the two year olds would negatively impact California horse racing much harder than putting the Stabling and Vanning Fund into higher debt. Mr. Balch stated the CTT considered the increase in the Stabling and Vanning deficit as an investment in the future of California horse racing. Chairman Israel asked if Mr. Seder had the authority to agree, on behalf of Fairplex, to the two month compromise. Mr. Seder stated he did. Commissioner Rosenberg asked if Fairplex agreed to the two month compromise. Mr. Seder said yes it did.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM THE CALIFORNIA THOROUGHBRED TRAINERS (CTT) CONCERNING ITS INCLUSION ON THE STABLING AND VANNING COMMITTEE.

Alan Balch, representing the California Thoroughbred Trainers (CTT), stated the participation of CTT in the Stabling and Vanning Committee (SVC) operations, or even as an allowed observer of its operations, had been discontinued in Southern California. Chairman Israel stated the best solution would be for the SVC to include representatives of CTT as ex officio members of the SVC; the CTT representatives would be allowed to participate in all meetings but would not have an official vote. Joe Morris, of the Thoroughbred Owners of California (TOC), stated the SVC would discuss CTT participation at its next board meeting. Chairman Israel asked if ex officio status would be enough for the CTT. Mr. Balch said the CTT was willing to consider any participation as an improvement. Chairman Israel stated if the SVC approves the inclusion of the CTT, the SVC should change its bylaws to include the executive director and the chairman of the CTT as ex officio members. He said doing so would prevent the issue from repeatedly coming before the Board. Chairman Rosenberg asked what entities had a vote on the SVC. Jack Liebau, of the SVC, stated Business and Professions Code Section 19607 provided that the TOC had 50 percent of the vote, and the southern zone associations shared the other 50 percent of the vote.

He said this made it so no changes to stabling and vanning could occur without the TOC approval, but the TOC could not make a change without at least one association's approval.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REPORT FROM SANTA ANITA REGARDING THE STATUS OF ITS BACKSTRETCH RENOVATION PLANS.

Scott Daruty, representing the Santa Anita Park Race Track (Santa Anita), stated there were still very few specifics agreed upon for Santa Anita's backstretch renovation. He said there continued to be regulatory hurdles related to the storm water, and there was still internal disagreement over the location and overall look for the proposed barn area. Mr. Daruty suggested the Board form an ad hoc committee which could be more closely involved with the progress on the renovation plans. Chairman Israel stated the ad hoc committee would be chaired by Vice-Chairman Winner and would include Commissioner Krikorian. Chairman Israel asked if Santa Anita had regularly scheduled meetings with the Los Angeles Regional Water Quality Control Board (RWQCB). Mr. Daruty said there was no schedule for the meetings but Santa Anita had a timeline for the next meeting and what needed to be accomplished beforehand. Commissioner Choper asked if after the next meeting another timeline would be set. Mr. Daruty said yes. Commissioner Choper asked if the RWQCB wanted to get the issue resolved quickly. Mr. Daruty stated it did, as did Santa Anita. He said it was a matter of finding agreement on the method of resolution. Commissioner Choper said it was important to get a specific answer to what the RWQCB wanted and to get it in writing if possible, and then hold them to it. Vice-Chairman Winner thanked Santa Anita for allowing the ad hoc committee to participate in the decision process. He said it was Santa Anita's final decision; however, the Board held leverage

with the allocation of race dates and welcomed being part of the process to achieve final resolution.

ELECTION OF BOARD CHAIRMAN AND VICE-CHAIRMAN TO SERVE TERMS COMMENCING JANUARY 6, 2014.

Vice-Chairman Winner **motioned** for the Board to elect, for the next election cycle, a 1st vice-chairman, and a 2nd vice-chairman. Commissioner Choper **seconded** the motion, which was **unanimously carried**. Commissioner Choper **motioned** for the Board to elect Vice-Chairman Winner as chairman of the Board. Commissioner Beneto **seconded** the motion, which was **unanimously carried**. Vice-Chairman Winner **motioned** for the Board to elect Commissioner Derek as 1st Vice-Chairman. Commissioner Rosenberg **seconded** the motion, which was **unanimously carried**. Vice-Chairman Winner **motioned** for the Board to elect Commissioner Rosenberg as 2nd Vice-Chairman. Commissioner Beneto **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REPORT FROM SANTA ANITA, ON THE STATUS OF THE RENOVATION AT THE SAN LUIS REY DOWNS TRAINING FACILITY, IN ANTICIPATION OF SAN LUIS REY OPENING AS AN OFF-SITE TRAINING CENTER NO LATER THAN FEBRUARY 1, 2014.

Chairman Israel combined the discussion for this item with item six, Report from the Stabling and Vanning Committee... The summary of item six can be found above.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REPORT FROM THE DEL MAR THOROUGHBRED CLUB REGARDING THE STATUS OF THE RENOVATION OF ITS TURF COURSE AND THE POSSIBILITY OF DEL MAR BECOMING AN OFF-SITE TRAINING AT ITS FACILITY COMMENCING IN THE THIRD QUARTER OF 2014 OR IN 2015.

Chairman Israel combined the discussion for this item with item six, Report from the Stabling and Vanning Committee... The summary of item six can be found above.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REPORT FROM THE LOS ALAMITOS RACING ASSOCIATION ON THE STATUS OF THE EXPANSION AND RENOVATION OF ITS RACETRACK, AND THE PROGRESS BEING MADE ON ITS BACKSTRETCH IMPROVEMENTS IN ANTICIPATION OF LOS ALAMITOS OPERATING A THOROUGHBRED RACE MEETING AND TRAINING CENTER.

Chairman Israel combined the discussion for this item with item six, Report from the Stabling and Vanning Committee... The summary of item six can be found above.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REPORT FROM POMONA FAIRPLEX, ON THE STATUS OF THE PREPARATIONS AND IMPROVEMENTS BEING MADE TO THE FACILITY IN PREPARATION OF OPENING AS AN OFF-SITE TRAINING CENTER, NO LATER THAN FEBRUARY 1, 2014.

Chairman Israel combined the discussion for this item with item six, Report from the Stabling and Vanning Committee... The summary of item six can be found above.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REPORT FROM THE CALIFORNIA AUTHORITY OF RACING FAIRS (CARF) REGARDING ITS HUB AGREEMENT WITH LIEN GAMES, DBA BETAMERICA, TO ALLOW ADVANCE DEPOSIT WAGERING ON THOROUGHBRED RACES AND HOW IT PLANS TO COOPERATE WITH CALIFORNIA'S OTHER THOROUGHBRED RACING ASSOCIATIONS.

Chairman Israel asked California Authority of Racing Fairs (CARF) to summarize the status of its advance deposit wagering (ADW) agreement with Lien Games. Chris Korby, representing CARF, stated the ADW agreement was being reviewed by the Thoroughbred Owners of California. Chairman Israel asked for an explanation of the difference in how the agreement was favorable to CARF in a way that no other ADW was favorable to any one association or fair. Mr. Korby stated the agreement was still negotiable with its respect to the other associations. As it stood the agreement was favorable to the horsemen and to CARF, and CARF was willing to negotiate the aspects of the contract that could affect any other stakeholder.

REPORT FROM THE NORTHERN CALIFORNIA RACING AD HOC COMMITTEE.

Commissioner Beneto summarized the ad hoc committee's proposed 2014/2015 calendar as follows:

2014 Calendar

- Pacific Racing Association (PRA) at Golden Gate Fields (GGF), December 26, 2013-June 15, 2014
- Alameda County Fair (Alameda) at Pleasanton, June 19, 2014- July 6, 2014
- Watch and Wager (WAW) at California Exposition State Fair (Cal Expo), July 10, 2014-July 20, 2014
- Sonoma County Fair (Sonoma) at Santa Rosa, July 21, 2014- August 10, 2014

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- Humboldt County Fair (Humboldt) at Ferndale, August 13, 2014- August 24, 2014
- PRA at GGF, August 15, 2014 through September 14, 2014
- San Joaquin County Fair at Stockton (Stockton), September 19, 2014- September 28, 2014
- Fresno County Fair (Fresno) at Fresno, October 1, 2014-October 13, 2014
- PRA II at GGF, October 16, 2014- December 21, 2014

2015 Calendar

- PRA, at GGF, December 26, 2014-June 14, 2015
- Alameda, at Pleasanton, June 15, 2015- July 6, 2015
- WAW, at Cal Expo, July 9, 2015- July 26, 2015
- Sonoma, at Santa Rosa, July 30, 2015- August 16, 2015
- Humboldt, at Ferndale, August 19, 2015- August 30, 2015
- PRA at GGF, August 21, 2015 through September 13, 2015
- Stockton, at Stockton, September 18, 2015- September 27, 2015
- Fresno, at Fresno, October 1, 2015-October 12, 2015
- PRA II at GGF, October 15, 2015- December 20, 2015

Commissioner Rosenberg asked who had agreed to the proposed calendar. Commissioner Choper said it had been agreed upon by the members of the ad hoc committee. Assistant Executive Jacqueline Wagner stated the ad hoc committee meeting came to a fairly agreeable consensus on the 2014 calendar; however, there were objections with the proposed 2015 calendar. Joe Morris, of the Thoroughbred Owners of California (TOC), said the TOC agreed with most of the 2014 calendar, but it did have an issue with racing dates at fairs without the fair being open, specifically with Stockton possibly not having a fair at all. He said the TOC had many issues with the proposed 2015 calendar. Commissioner Beneto stated the Board did not

have the authority to tell a fair when, or if, to run. Mr. Morris said he was aware of that; but the TOC just wanted its position to be clear that it took issue with race dates at a fair without a concurrent fair. Commissioner Rosenberg stated that was the first time he heard the TOC take such a position. Mr. Morris said until 2014 it had not been an issue, as Stockton usually ran its fair during its race dates. Chairman Israel asked how the Board was expected to prevent a fair from moving its dates. Mr. Morris suggested when a fair moved its dates the Board should give its race dates to GGF. Commissioner Beneto stated GGF did not need to have a concurrent fair to run its race dates. He said it was up to the fairs to schedule their fair dates; the Board did not influence their decisions. Chris Korby, of the California Authority of Racing Fairs, stated the issue was only hypothetical as Stockton had not yet officially chosen to cancel its fair dates. Commissioner Rosenberg said not knowing the fair dates was a good reason to only allocate one year of race dates instead of two -especially for 2014- since it was almost too late to keep negotiating with the disagreeing parties. Commissioner Choper asked why the TOC felt it was important for a fair to run during its race dates. Mr. Morris stated because doing so increased the handle, which increased the purses. Rick Pickering, representing Cal Expo, stated Cal Expo agreed with the TOC that the fair and the fair's race dates should run concurrent. He said Cal Expo supported the proposed 2015 calendar giving Cal Expo race dates on the last week of its fair, when it received 49 percent of its total attendance. Cal Rainey, representing GGF, stated GGF made plenty of compromise to achieve agreement on the proposed 2014 calendar; however, there had not been significant discussion on the proposed 2015 calendar. He said if Stockton chose to not run its fair, its race dates could be given to Cal Expo, which desired to run its race meet all three weeks of its fair. Chairman Israel asked why, when the Board asked for a two year calendar which would benefit the entire industry, the parties could only agree on a calendar for

2014. Mr. Rainey stated when the 2015 calendar could not be agreed on, the parties decided to meet again in January to continue negotiations. Commissioner Beneto stated that was not true. Scott Daruty, of GGF, stated a two year calendar was a noble endeavor, but forcing a calendar that made major changes for 2015 was impractical. Jim Morgan, representing Humboldt, stated Humboldt had issues with the proposed 2014/2015 calendar due to it having to run concurrent with GGF. He said when Humboldt ran without overlap it received sustaining revenue, but with the overlap it did not. Humboldt was asking the Board to allow it to run without overlap on August 13, 15-16, 2014 with GGF opening on Sunday August 17, 2014. Alternatively, if Humboldt could not run without overlap, it was requesting to share host status for the overlap days as both Humboldt and GGF had live racing. Mr. Morgan stated in 2013 there was a deal brokered by then Chairman Brackpool, between GGF and Humboldt for GGF to not write races for \$5,000 or less with the idea that the lower quality horses would be forced to race at Humboldt. Commissioner Beneto stated Humboldt was already receiving one more host day in 2014 than it had in 2013. Mr. Morgan said host status on week days generated about \$12,000 in commissions and purses versus the hosting a weekend day which could generate up to \$65,000 in commissions and purses. Chairman Israel said there was only so much track welfare to go around and Humboldt needed to find a way to make its assigned race dates work. Commissioner Rosenberg stated it was important to keep Humboldt open; especially considering the amount of money involved was relatively minor. Chairman Israel said a loss of over \$100,000 in purses a week was not a minor amount of money. Mr. Morris stated the TOC was not in favor of allowing Humboldt to run without overlap if it meant losing \$100,000 per week in purses. Mr. Korby stated the negotiated compromise on the 2014 calendar was a good deal and CARF encouraged the Board to consider voting for it as is. Commissioner Rosenberg asked if

Humboldt was a member of CARF. Mr. Korby said it was. Commissioner Rosenberg asked if CARF supported the compromise even if it meant Humboldt would need to close its doors. Mr. Korby stated CARF did everything it could to make Humboldt successful. Commissioner Rosenberg asked why then was CARF supporting the compromise. Mr. Korby stated the compromise represented a lot of hard work where the pain would be shared among the entities that agreed upon it. He said there was no certainty that the compromise would cause Humboldt to go out of business. Commissioner Krikorian asked Mr. Morgan if approving the proposed calendar would guarantee Humboldt's failure. Mr. Morgan stated it would. Mr. Daruty said GGF accepted the compromise for 2014 as a reasonable deal, but the calendar for 2015 should be postponed. Commissioner Choper asked if something could be done about GGF writing races of \$5,000 or less. Mr. Daruty stated GGF did not agree to not run races under \$5,000 in the overlap with Humboldt in 2013; it agreed to try and minimize the number of races under \$5,000, which it was successful in doing. Chairman Israel said no matter how it was discussed it was never a condition of any license. Mr. Morgan stated although it was not a condition, GGF stated in its pitch for a license that it would not write races below \$5,000 during the overlap with Humboldt. Chairman Israel stated if GGF ran only races of \$5,000 or more, horses that would have run the \$4,000 races would then run the \$5,000 races. Alan Balch, representing the California Thoroughbred Trainers (CTT), stated the CTT endorsed the compromise for 2014. He agreed with GGF and the TOC not just because of the potential loss in purses, but also because Humboldt had only a half-mile track, different track conditions, and it was quite a distance to travel to. Commissioner Rosenberg **motioned** to approve the 2014 calendar [as written above] with the condition that GGF management use extreme caution in writing races less than \$5,000, and to defer the 2015 calendar to a later date. Vice-Chairman Winner stated a condition of the

agreement on the 2014 calendar was to postpone the additional week for Cal Expo until 2015, linking approval of the two calendar years together. He said to unlink them was to take apart the compromised approval for the 2014 calendar. Commissioner Krikorian stated he was also opposed to separating the 2014 and 2015 calendars. Commissioner Beneto **motioned** to approve the 2014 and 2015 calendars [as written above]. Commissioner Krikorian **seconded** the motion. Mr. Morris stated the 2015 calendar could damage the momentum that GGF had developed during its last four meets. Commissioner Rosenberg stated there was never a compromise for 2015. Vice-Chairman Winner said the compromise for 2014 was giving the extra week to Cal Expo in 2015. Commissioner Beneto asked Commissioner Rosenberg if he agreed with giving Cal Expo three weeks in 2015. Commissioner Rosenberg said he agreed that Cal Expo should have three weeks but had issue with the proposed 2015 calendar. Chairman Israel said the proposed calendar was negotiated at the committee level and a motion was on the floor for its approval. Mr. Balch stated the merits of giving Cal Expo an extra week of racing had not yet been discussed. Chairman Israel said it should have been discussed during the committee meetings. Mr. Balch stated unlike the agreement made on the Southern California calendar, the proposed Northern California calendar did not have a consensus of the industry. Chairman Israel said the Southern California calendar was not as complicated, and the available Hollywood Park race dates had been discussed for five years. Vice-Chairman Winner **motioned** to approve the proposed 2014 calendar [as written above] conditioned on an agreement that Cal Expo would get three weeks in 2015, and that the ad hoc committee would meet again, before the January 16, 2014 Regular Board Meeting, to determine how the agreed upon extra week would fit into the 2015 calendar. Commissioner Beneto **seconded** the motion. Tawny Tesconi, of Sonoma, stated giving Cal Expo an extra week would shift one week of Sonoma's race meet to run without its

fair, push Humboldt into the school season, and force GGF to drop a week of its meet; all of which were not good for California horseracing. She said the economics of the calendar should not be ignored, especially since it had been determined Cal Expo's extra week was not requested by the Governor. Commissioner Krikorian said if the calendar was based solely on economics GGF would get all of the race dates. Chairman Israel stated the fairs had some legislated protections for the allocation of race dates. Commissioner Beneto stated Sonoma received the best race dates which ran concurrent with Del Mar. Ms. Tesconi stated Sonoma received the best dates because it was the best fair. Mr. Pickering said the total fair attendance for Cal Expo's last seven days was around 340,000 which exceeded the attendance of the entire Sonoma fair. Commissioner Choper asked why if Cal Expo had better attendance numbers it did not have a higher handle than Sonoma. Mr. Pickering stated it was because of the alignment of its assigned weeks with slow weeks at Southern California racetracks, as well as not running a race product during Cal Expo's highest attended week. Chairman Israel stated there was still a motion on the floor. Mr. Morgan asked if the motion included a request that GGF not write races for \$5,000 or below during the overlap with Humboldt. Vice-Chairman Winner stated it did not. Commissioner Rosenberg **motioned** to amend Vice-Chairman Winner's motion to include that GGF would make a good faith effort to not write races for less than \$5,000 during the overlap with Humboldt. Vice-Chairman Winner accepted the amendment. Commissioner Choper **seconded** the amended motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE ALLOCATION OF THE NORTHERN CALIFORNIA 2014/2015 RACING CALENDAR AND RELATED ISSUES FOR 2014/2015.

This item was heard with the item above

**DISCUSSION AND ACTION BY THE BOARD REGARDING THE ANNOUNCEMENT OF
CLOSED SESSION BOARD ACTION, AND ROLL CALL VOTE THEREON, TO HIRE
AN EXECUTIVE DIRECTOR (IF PERMISSIBLE).**

This item was deferred until the January 17 Regular Meeting.

MEETING ADJOURNED AT 1:45 P.M.

A full and complete transcript of the aforesaid proceedings are on file at the office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California, and therefore made a part hereof.

Chairman

Executive Director

CALIFORNIA HORSE RACING BOARD

JANUARY 16, 2014
REGULAR BOARD MEETING

There is no board package material for Item 5

STAFF ANALYSIS
PUBLIC HEARING AND ACTION BY THE BOARD
REGARDING THE PROPOSED AMENDMENT TO CHRB RULE 1658, VESTING OF
TITLE TO CLAIMED HORSE, TO PROVIDE THAT A CLAIM SHALL NOT BE VOIDED
BY THE STEWARDS IF PRIOR TO THE RACE THE CLAIMANT ELECTS TO CLAIM
THE HORSE REGARDLESS OF WHETHER THE RACING OR OFFICIAL
VETERINARIAN DETERMINES THE HORSE WILL BE PLACED ON THE
VETERINARIAN'S LIST AS UNSOUND OR LAME.

Regular Board Meeting
January 16, 2014

BACKGROUND

Business and Professions Code section 19420 provides that the Board has jurisdiction and supervision over meetings in California where horse races with wagering on their results are held or conducted, and over all persons or things having to do with the operation of such meetings. Business and Professions Code section 19440 states the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the Board include adjudication of controversies arising from the enforcement of those laws and regulations dealing with horse racing and pari-mutuel wagering. Business and Professions Code section 19562 provides that the Board may prescribe rules, regulations, and conditions, consistent with the provisions of this chapter, under which all horse races with wagering on their results shall be conducted in California. In February 2013 the Board adopted an amendment to Rule 1658, Vesting of Title to Claimed Horse, which states that title to a horse which is claimed shall be vested in the successful claimant from the time the field has been dispatched from the starting gate and the horse becomes a starter. The successful claimant becomes the owner of the horse unless the claim is voided by the stewards. The stewards shall void the claim and return the horse to the original owner if the horse suffers a fatality during the running of the race, or the racing or official veterinarian determines the horse will be placed on the Veterinarian's List as unsound or lame before the horse is released to the successful claimant. When the Board adopted the amendment to Rule 1658 it stated the regulation was not perfect, but it was the best approach presented. The Board also recognized that the regulation might need further modification; however, it could take some time for the rule to have its desired impact on those who might use claiming to discard damaged horses.

The Office of Administrative Law approved the amendment to Rule 1658 on May 2, 2013. The effective date of the regulation was also May 2, 2013. The Board did not implement the regulation until May 16, 2013. The delay was to allow time for the stewards, veterinarians and others involved in the process to fully understand the change, and to notify the industry and the public. Since its implementation, Rule 1658 has generated some controversy. In response to the various reactions to the amended Rule 1658, the item was placed on the June 2013 Regular Board Meeting agenda.

At the June 2013 Board Meeting, there was discussion of relevant issues surrounding Rule 1658 and a presentation by the Equine Medical Director of the recent history of the enactment of the

rule, as well as examples of claims voided. The issue was referred to the July 2013 Medication and Track Safety Committee Meeting.

At the July 2013 Medication and Track Safety Committee Meeting, the Committee heard discussion from various interested parties and learned that some claimants desire to keep the horse regardless of its post race condition. The Committee determined it would endorse a proposal to allow a claimant to claim the horse regardless of whether the racing or official veterinarian determines the horse will be placed on the Veterinarian's List as unsound or lame.

At the August 22, 2013 Regular Meeting, the Board discussed the Committee's proposal to amend Rule 1658. The amendment would provide an option for claimants to indicate on the form CHRB-11 (Rev. 8/13) Agreement to Claim, if they want their claim to be valid even if the horse is placed on the Veterinarian's List as lame or unsound. After discussing the proposal, the Board directed staff to initiate the 45-day public comment period regarding the proposed amendment. During the comment period no comments were received.

ANALYSIS

The proposed amendment to Rule 1658 provides that the stewards shall void a claim and return the horse to the original owner if the horse dies or is euthanized before leaving the track. This amendment minimizes confusion by clarifying that if a horse just finished the running of the race but did not make it off the track alive, the claim is still void. The proposed amendment to Rule 1658 also states that the claim shall not be voided by the stewards if the claimant elects prior to the race to claim the horse regardless of whether the racing or official veterinarian determine the horse will be placed on the Veterinarian's List as unsound or lame. The election may be entered on the form CHRB-11 (Rev. 8/13) Agreement to Claim, in accordance with Rule 1656, Errors Which Invalidate Claim. A claimant may elect, by checking a box on the claim slip, to claim the horse regardless of whether or not it was placed on the Veterinarian's List. Rule 1656 incorporates by reference the form CHRB-11 (Rev. 8/13) Agreement to Claim. The proposed amendment to Rule 1658 will necessitate an amendment to Rule 1656 to change the revision date of the form CHRB-11 (Rev. 8/13) Agreement to Claim.

RECOMMENDATION

This item is presented for Board discussion and action.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 7. CLAIMING RACES.
PROPOSED AMENDMENT OF
RULE 1658. VESTING OF TITLE TO CLAIMED HORSE.

Regular Board Meeting
January 16, 2014

1658. Vesting of Title to Claimed Horse.

(a) Title to a horse which is claimed shall be vested in the successful claimant from the time the field has been dispatched from the starting gate and the horse becomes a starter; and said successful claimant becomes the owner of the horse unless voided by the stewards under the provisions of this article. Only a horse which is officially a starter in the race may be claimed. A subsequent disqualification of the horse by order of the stewards or the Board shall have no effect upon the claim.

(b) The stewards shall void the claim and return the horse to the original owner if:

(1) The horse suffers a fatality during the running of the race or dies or is euthanized before leaving the track, or

(2) The racing or official veterinarian determines the horse will be placed on the Veterinarian's List as unsound or lame before the horse is released to the successful claimant.

(c) The stewards shall not void the claim if, prior to the race in which the horse is claimed, the claimant elects to claim the horse regardless of whether the racing or official veterinarian determines the horse will be placed on the Veterinarian's List as unsound or lame.

(1) An election made under subsection (c) of this rule shall be entered on the form CHRB-11(Rev. 8/13) Agreement to Claim, in accordance with section 1656 of this article.

(ed) The claim shall be void if the race is called off, canceled, or declared no contest in accordance with Rule 1544 of this division.

Authority: Sections 19420 and 19440,
Business and Professions Code.

Reference: Section 19562,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 7. CLAIMING RACES
PROPOSED AMENDMENT OF
RULE 1656. ERRORS WHICH INVALIDATE CLAIM

Regular Board Meeting
January 16, 2014

1656. Errors Which Invalidate Claim.

A claim is invalid if the name of the horse to be claimed is erroneously spelled or not specified on the claim form, CHRB-11 (REV. 8/0013) Agreement to Claim, which is hereby incorporated by reference; or if the claim form is not signed by an owner authorized to claim or a member of a racing interest authorized to claim or their properly registered authorized agent; or is not accompanied by a certification from the paymaster of purses that the amount of the claim and all applicable taxes is on deposit with the association or such paymaster of purses; or is deposited at a place other than that provided by the association; or is not deposited within the correct time; or does not specify the racing interest making the claim; or does not correctly specify the name of the new trainer, the claiming race number, or the date of the claiming race; or is otherwise so defective in any particular that the stewards cannot approve its validity; or fails to specify the designated claiming price.

Authority: Sections 19420, 19440 and 19562,
Business and Professions Code.

Reference: Sections 19408.2 and 19562,
Business and Professions Code.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD
CHRB-11 (REV. 8/0013)

DATE ____/____/____

AGREEMENT TO CLAIM

A claim is hereby made for the horse _____ from the

PRINT CORRECT NAME OF HORSE

_____ race on _____ at this meeting in accordance with the Rules and
RACE NUMBER DATE OF RACE
Regulations of the California Horse Racing Board. I certify that this claim is made for

_____, that the
PRINT NAME(S) OF RACING INTEREST MAKING CLAIM

claiming price of \$ _____, _____ . 00 plus all applicable taxes is on deposit with the
Paymaster of Purses, and that my/our account is to be charged such amount upon the vesting of title to such claimed
horse to me/us. I further certify my/our eligibility to claim is by reason of:

☐ Licensed Horse Owner ☐ Open Claim Certificate on file

I elect to claim this horse regardless of whether the racing or official veterinarian determines the horse will be placed
on the Veterinarian's List as unsound or lame. ☐ Yes ☐ No

SIGNATURE OF AUTHORIZED AGENT FOR CLAIMANT

PRINT NAME OF AUTHORIZED AGENT FOR CLAIMANT

SIGNATURE OR SIGNATURES OF CLAIMANT(S)

STAFF ANALYSIS
DISCUSSION AND ACTION BY BOARD REGARDING THE
CALIFORNIA MARKETING COMMITTEE (CMC) REGARDING ITS 2014 MARKETING
AND PROMOSION PLANS PURSUANT TO BUSINESS AND PROFESSIONS CODE
SECTION 19605.73 (b)

Regular Board Meeting
January 16, 2014

BACKGROUND

Business and Professions Code section 19605.73(a) states thoroughbred racing associations, fairs, and the organization responsible for contracting with thoroughbred racing associations and fairs with respect to the conduct of racing meetings, may form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, including, but not limited to, establishment and maintenance of an Internet Website featuring California thoroughbred and fair racing, the establishment and administration of players incentive programs for those who wager on thoroughbred association and fair races, and promotional activities at satellite wagering facilities to increase their attendance and handle. While the promotional activities at satellite wagering facilities shall be funded by the marketing organization, they shall be implemented and coordinated by representatives of the satellite wagering facilities and the thoroughbred racing associations or fair then conducting a live race meet. The California Marketing Committee (CMC) is that organization.

Business and Professions Code section 19605.73(b) requires the CMC to annually, on November 1, submit a written report to the Board on a statewide marketing and promotion plan for the upcoming calendar year. In addition, the organization shall annually present to the Board at the Board's November meeting a verbal report on the statewide marketing and promotion plan for the upcoming year. The plan shall be implemented as determined by the organization. In addition, Business and Professions Code section 19605.73(b) also states that from the amount that would normally be available for commissions and purses, an amount not to exceed 0.25 percent of the total amount handled by each satellite wagering facility shall be distributed to the CMC. The amounts initially distributed to the CMC shall be 0.2 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. The amount distributable to the CMC may be adjusted by the Board, in its discretion. However, the adjusted amounts may not exceed an aggregate of 0.25 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. The promotion funds that are not expended in the year in which they are collected may be expended in the following year. If promotion funds expended in any one year exceed the amount collected for that year, the funds expended in the following year shall be reduced by the excess amount.

Business and Professions Code section 19605.73(c) also requires the CMC on a quarterly basis, to submit to the Board a written report that accounts for all receipts and expenditures of the promotion funds for the previous three months.

ANALYSIS

The overall 2014 CMC budget shows a two percent increase from the 2013 budget. The 2014 CMC budget focuses on five areas versus seven in 2013. In the proposed budget CMC eliminated Pick Six Promotions and New Minisatellites Support, CMC plans to increase spending in Product Enhancement by 33 percent, Significant Player Program 13 percent and Administration 4 percent.

In addition, CMC plans to reduce spending its 2014 budget in Satellite Marketing by 33 percent and in Cal Racing Website by 22 percent.

CMC's 2013 vs. 2014 Budget			
	2013	2014	change
Product Enhancement	545,000	725,000	33%
Significant Player Program	645,000	730,000	13%
Satellite Marketing	180,000	120,000	-33%
Cal Racing Website	87,000	67,500	-22%
Administration	175,000	<u>182,000</u>	4%
Items Eliminated			
New Minisatellite Support	7,000		N/A
Pick Six Promotion	<u>150,000</u>		N/A
TOTAL	1,789,000	1,824,500	2%

RECOMMENDATION

Staff recommends the Board hear from the CMC representatives on its marketing and promotion, and its receipts and expenditures plans.



California Marketing Committee
2014 Budget Summary
January 1, 2014

OVERVIEW

The California Marketing Committee (CMC) is a statewide organization formed to market and promote Thoroughbred horse racing pursuant to Business and Professions Code Section 19605.73. The CMC is funded by 0.25 percent of the total amount handled by each satellite wagering facility. Statute requires that CMC members include two representatives each from Thoroughbred racing associations, Thoroughbred horseman and from Fairs. The current board members of the CMC are as follows:

- Craig Dado, Chairman and Southern Thoroughbred track representative
- Tom Ludt, Northern Thoroughbred track representative

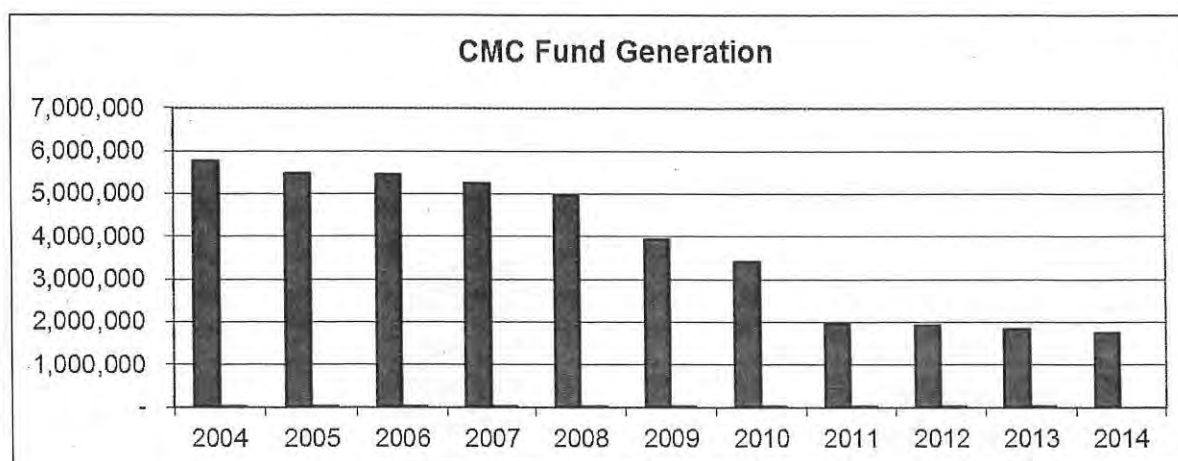
- Joe Morris, Thoroughbred Owners of California representative
- Mike Wellman, Thoroughbred Owners of California representative

- Chris Korby, California Authority of Racing Fairs representative
- Kelly Violini, California Authority of Racing Fairs representative

The CMC meets regularly and encourages industry participation. The CMC has established marketing and racing subcommittees that include members from various racing associations and Fairs as well as horseman groups. In addition, the CMC works collaboratively with many additional industry representatives to solicit ideas and concepts that will promote California Thoroughbred racing and enhance our product. These groups and representatives include all Thoroughbred racing associations, California Authority of Racing Fairs (CARF), Thoroughbred Owners of California (TOC), California Thoroughbred Trainers (CTT), California Thoroughbred Breeders' Association (CTBA), Racing Secretaries and facility marketing personnel, CHRIMS, SCOTWinc, NCOTWinc. And others.

Since its inception in 1999, the CMC has served as an industry forum and funding source for a wide variety of statewide marketing initiatives and programs designed to promote and enhance Thoroughbred racing in California.

It is important to note that changes in legislation substantially reduced the funding available to CMC. For example, as recently as 2004, the CMC received funding of over \$5.7 million; the 2014 budget reflects projected revenues of approximately \$1.75 million.



The reductions in funding have made it increasingly important that CMC use available funds for targeted programs designed to have specific impacts. In past years, for example, the CMC has funded a wide array of projects from statewide branding campaigns to track media matching to television replay shows. The strategic focus of the CMC for 2014 is limited to two specific areas:

- 1) Product Enhancement
- 2) Handle Generation

The vast majority of funds will be spent supporting these strategies.

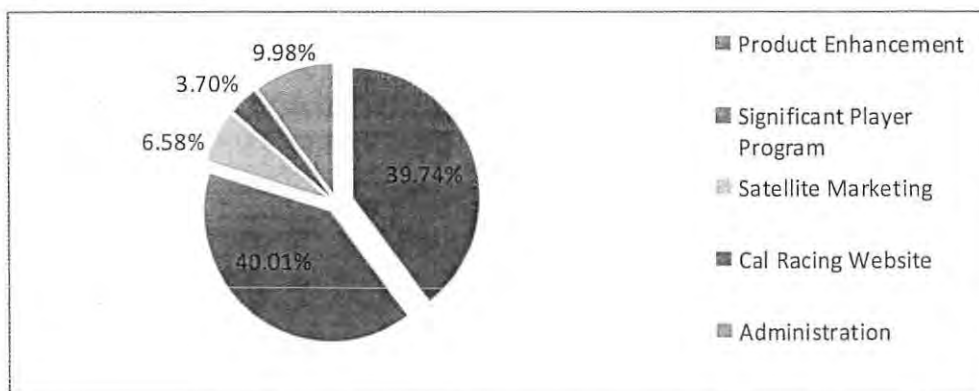
2014 BUDGET

California Marketing Committee

	<u>Budget</u>
Product Enhancement	725,000.00
Significant Player Program	730,000.00
Satellite Marketing	120,000.00
Cal Racing Website	67,500.00
Administration	182,000.00
TOTAL	<u>1,824,500.00</u>
Projected Fund Generation	<u>1,758,450.00</u>
	(66,050.00)
Projected Accumulated 2013 Surplus	<u>70,011.18</u>
	3,961.18

<u>Product Enhancement Line Item Detail</u>	
Two-Year-Old Stakes Supplements	175,000.00
Golden State Series	250,000.00
So Cal Track Recruitment	150,000.00
No Cal Track & Fair Recruitment	150,000.00

2014 Budget Allocation



2014 PROGRAM SUMMARIES

Product Enhancement

A very clear correlation exists between field size and handle. Further, as foal crops continue to decrease throughout the country, the competition among national racing circuits for horses to maintain and increase field size has never been fiercer. Therefore, the CMC is again investing significant resources to enhance the California racing product statewide. Three CMC supported programs work collaboratively in an effort to stabilize and hopefully increase field sizes while striving to deliver the best possible racing product to our fans.

Product Enhancement funding for 2014 will focus on the three following programs:

- 1) Two-Year-Old Stakes Program
- 2) Golden State Series
- 3) Horse Recruitment

1. The Two-Year-Old Stakes Program was launched in 2012 and continues for 2014. The program was designed to create and expand racing opportunities in California for two-year-olds, particularly turf opportunities. Santa Anita continues as the host track for Breeders' Cup in 2014, and this program also provides some Breeders' Cup prep race opportunities. In 2013, 14 horses that ran in the below stakes, went on to run in a Breeders' Cup race.

- June/July Track TBD
\$25,000 CMC supplement each
 - Landaluce Stakes, \$150,000
 - Hollywood Juvenile Championship, \$150,000
- September Del Mar
\$25,000 CMC supplement each
 - Oak Tree Juvenile Fillies (Turf), \$100,000
 - Oak Tree Juvenile (Turf), \$100,000
- October Santa Anita
\$25,000 CMC supplement each
 - Surfer Girl Stakes (Turf), \$100,000
 - Zuma Beach Stakes (Turf) \$100,000
- October Golden Gate Fields
\$25,000 CMC supplement
 - The Pike Place Dancer Stakes (Turf), \$100,000

\$175,000 is budgeted for Two-Year-Old Stakes Supplements

2. The Golden State Series remains a critical component of the CMC Product Enhancement efforts. The Golden State Series, launched in 2012 is a long-term initiative to encourage California breeding by introducing new stakes and offering purse enhancements. Per the California Thoroughbred Breeders' Association, the program has already contributed to some key positive indicators of note:

- Stabilization of the breeding industry regarding mares bred and the live foal crop.
- In 2013, over 900 2-year-olds were nominated for the series and 6 horses paid the \$25,000 supplement fee.
- Promising stallions retiring to CA as well as quality mares coming into the state.
- Significant increases in the results at the commercial sales as the demand for Cal-breds has soared. Buyers and Sales companies were quoted as saying that the Golden State Series was a chief reason for the continued upswing.

\$250,000 is budgeted for Golden State Series

3. Horse Recruitment efforts continue to be an important component in both Southern and Northern California race meets. Horse Recruitment complements other programs supported by the CMC and some beyond the CMC. For 2014, there will be a push toward the recruitment of stables in addition to lone horses. All recruitment activities must be approved by the CMC Recruitment Subcommittee, which is made up of TOC and track racing executives.

Santa Anita and Del Mar will focus on recruitment for graded stakes races to increase field size and field quality.

Golden Gate Fields and the Fairs will focus on Arizona and Northwest recruitment to increase their horse population via shipping incentives paid equally to the owner and trainer after a first start. The Fairs will continue with their starter program by providing a \$300 payment to the owner or trainer for a first start and \$150 payment for a second start. All payments are made via paymaster accounts.

\$150,000 is budgeted for Southern California Track Recruitment and \$150,000 is budgeted for Northern California Track and Fair Recruitment

Significant Player Program

The Significant Player Program is an incentive program for players who wager a minimum of \$20,000 per calendar month. Players receive a tiered reward based on their play - varying from 1% to 3%. Players participate under a variety of track frequent fan programs by using a designated club card to place their wagers. This program allows us to identify and stay connected with our most valuable players as well as attract players to our pools who may be wagering elsewhere. Del Mar, in collaboration with the TOC, rebated a select number of significant players an additional 3% or more which they feel had meaningful impact to their positive handle figures for the meet. Furthermore, Santa Anita has plans to also offer additional incentives to their top tier significant players in 2014.

From January 1 through October 2013, over 176 players have participated in the program, with \$40,734,000 in participating wagers. This correlates to approximately \$2,411,300 generated in track commissions and \$2,853,400 generated in purses. In addition, approximately \$4 million is generated for other industry programs such as stabling and vanning, workers' compensation support, and CHRB support.

\$730,000 is budgeted for the Significant Player Program

Satellite Marketing

Handle generated at California satellite facilities is a significant portion of total handle, and, as such, it is important to communicate with and reward the loyal satellite fan base.

The CMC satellite marketing program supports promotions at 31 sites which include 19 fair facilities, 4 tribal casinos and 8 mini-satellite wagering facilities. However, it is inefficient and financially challenging to target these fans via mass media techniques such as television and radio advertising. Therefore the CMC has implemented targeted promotions to utilize frequent fan tracking systems statewide.

In 2006, the CMC implemented a statewide frequent fan tracking system, CalRacing Club, at fair satellites. Members of CalRacing Club receive every seventh admission free (Lucky 7) and participate in targeted facility specific promotions. The CalRacing Club currently has 13,771 active members that have made 1.75 million site visits using their card since the program's inception. Thus far in 2013, members have made 213,063 visits using their CalRacing Club card.

2014 efforts will focus on a year-long statewide handicapping challenge designed to increase wagering interest at the local level. The contest will be open to all California fans, both on and off-track. The monthly 'live-bankroll' contests will award cash prizes to the state's top ten finishers. The top 10 finishers from each monthly contest will also qualify for the Finals in November. The year-long tournament will culminate with the awarding of five spots to the NTRA National Handicapping Championship in Las Vegas in 2015.

\$120,000 is budgeted for Satellite Marketing

Racing Information

CalRacing.com, which is considered one of the most useful websites in racing, is funded and operated exclusively by the CMC. The free live video and race replays appeal to owners, trainers and fans alike. Other highlights of the site include an interactive, statewide facility map with direct links to California tracks, satellites, mini satellites and casinos; a California trainer database; and a statewide searchable stakes schedule. The site continues to receive positive feedback as the centralized source for California racing.

In the past year, the site has received over 366,000 unique visitors and nearly 6.6 million page views. Live video and race replays are consistently the top pages visited with an average of 1.8 million page views each in past year. People are accessing the site via desktop, smart phones and tablets alike and the site has maintained a 20% new visitor attraction rate.

For the past 2 years, Breeders' Cup has allowed CalRacing.com to live stream the two-day event from Santa Anita without interruption.

\$67,500 is budgeted for Racing Information

Administration

Administrative expenses include Directors and Officers insurance, Accounting services and Auditing, Operating expenses, Legal expenses, and Staff Salary and Benefits.

Staff responsibilities include:

- Consult with and manage agencies and firms on marketing, advertising and other projects.
- Manage all billings, budgets, forecasts and reconciliation.
- Coordinate with tracks, horseman, Fairs and industry organizations on CMC budgets and programs.
- Supervise CHRIMS regarding significant player program and database management.
- Supervise SCOTWinc. On CMC accounts payable and accounts receivable.
- Work with accounting firm on year-end audit and tax documents.
- Organize and coordinate all items related to the board and board meetings including location and agenda details, meeting minutes and follow-through on agenda action items.
- Maintain office, phone and email correspondence and records management.
- Work with legal and insurance firms on items related to the CMC board and programs.
- Respond to technical support messages and other inquiries from CalRacing.com.
- Update and upload stakes races on CalRacing.com as they are available.
- Update CalRacing.com web displays as race meets change.
- Monitor CalRacing.com trainer signups verifying licensed trainers, activating their trainer page, uploading their photos, monitoring their bio updates.
- Respond to advertising sales inquiries. Writing contracts and insertion orders, initiating invoicing, collecting ads and inserting into the ad server software.
- Respond to CalRacing.com patron inquiries and complaints.
- Maintain other sections of CalRacing that require updating.

\$182,000 is budgeted for Administration

CALIFORNIA HORSE RACING BOARD

JANUARY 16, 2014 **REGULAR BOARD MEETING**

There is no board package material for Item 8

**This material will be presented at the February 20, 2014
meeting**

STAFF ANALYSIS

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REPORT AND UPDATE FROM THE NIGHT INDUSTRY CONCERNING THE STATUS OF THE AGREEMENT REGARDING 1) THE NIGHT INDUSTRY'S ADVANCE DEPOSIT WAGER (ADW) IMPORTS SPLIT RATE ON RACES CONDUCTED AFTER 6:00 P.M. DURING THE 2013 RACING YEAR AND 2) THE ALLOCATION AND DISTRIBUTION OF ADVANCE DEPOSIT WAGERING (ADW) HARNESS FUNDS GENERATED PURSUANT TO BUSINESS AND PROFESSION CODE SECTION 19604(F)(5)

Regular Board Meeting
January 16, 2014

BACKGROUND

Business and Profession Code section 19604(f)(5)(A) states that with respect to wagers on each breed of racing, the amount remaining shall be distributed to the racing association or fair that is conducting live racing on that breed during the calendar period in the zone which the wager originated. That amount shall be allocated to that racing association or fair as commissions, to horsemen participating in that racing meeting in the form of purses, and as incentive awards, in that same relative proportion as they were generated or earned during the prior calendar year at that racing association or fair on races conducted or imported by that racing association or fair after making all deductions required by applicable law.

Business and Profession Code section 19604(f)(5)(C) states that notwithstanding any provisions of this section to the contrary, with respect to wagers on out-of-state and out-of-country thoroughbred races conducted after 6 p.m., Pacific time, 50 percent of the amount remaining shall be distributed as commissions to thoroughbred associations and racing fairs, as thoroughbred and fair purses, and as incentive awards in accordance with subparagraph (A), and the remaining 50 percent, together with the total amount remaining from advance deposit wagering originating from California out-of-state and out-of-country harness and quarter horse races conducted after 6 p.m., Pacific time, shall be distributed as commissions on a pro rata basis to the applicable licensed quarter horse association and the applicable licensed harness association, based upon the amount handled in state, both on- and off-track, on each breed's own live races in the previous year by that association, or its predecessor association. One-half of the amount thereby received by each association shall be retained by that association as a commission, and the other half of the money received shall be distributed as purses to the horsemen participating in its current or next scheduled licensed racing meeting.

ANALYSIS

Two items were presented to the Pari-Mutuel Operations Committee Meeting on August 21, 2013 as follows:

Item #1

The racing fairs and associations had made distributions on incentive awards to each breed pursuant to Business and Profession Code section 19604(f)(5)(A). For instance, Cal Expo Harness paid the incentive award to the quarter horse and thoroughbred breeds; similarly Pacific Coast Quarter Horse Racing Association (PCQHRA) pays the thoroughbred breeder fee. However, PCQHRA did not pay the same fee to the harness industry on the grounds that the

horse racing law does not require it to pay such fee.

Item #2

The California Horse Racing Information Management System (CHRIMS) calculates the split of the remaining 50 percent of ADW out of state and out of country thoroughbred horse racing conducted after 6:00 p.m. on the amount handled in state on and off-track is based on the **meet** rather than the **breed** as stated on the Business and Professions Code section 19604 (f) (5) (C).

At the August 21, 2013 Pari-Mutuel Operations Committee meeting, the Committee directed the parties to look at both issues and work out an agreement. Furthermore, at the November 20, 2013 Pari-Mutuel Operations Committee meeting, both parties informed the Committee that they had reached an agreement to settle the issues. Subsequently, the Board has been informed that problems have arisen concerning the agreement.

RECOMMENDATION

Staff recommends the Board hear from the night industry representatives.

CALIFORNIA HORSE RACING BOARD

JANUARY 16, 2014
REGULAR BOARD MEETING

There is no board package material for Item 10

CALIFORNIA HORSE RACING BOARD

JANUARY 16, 2014 **REGULAR BOARD MEETING**

There is no board package material for Item 11

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD
REGARDING THE ALLOCATION OF
THE NORTHERN CALIFORNIAN
2015 RACING CALENDAR AND
RELATED ISSUES

Regular Board Meeting
January 16, 2014

BACKGROUND

Proposals for the Northern California thoroughbred and fair racing calendars for 2014 and 2015 were received in May and June 2013 from Golden Gate Fields, the California Authority of Racing Fairs (CARF), the Sonoma County Fair, and Cal Expo. The proposals reflected disagreement among the various stakeholders over the allocation of race dates. The Board postponed action on the northern calendars to give stakeholders more time to resolve their issues. When the matter was considered again by the Board in September, continuing disagreement among stakeholders prompted then Chairman Israel to ask Commissioners Beneto and Choper to work with the northern interests in an effort to bring about consensus.

Commissioners Beneto and Choper met with northern stakeholders at Golden Gate Fields in early October and again in late November 2013. The resulting proposed calendars were presented to the Board for consideration at the December 12, 2013 meeting. The Board approved the 2014 calendar but elected not to approve the 2015 calendar due to concerns expressed by a majority of the stakeholders in Northern California. However, included in the motion to approve the 2014 calendar, was a commitment to allocate three weeks of State Fair racing to Cal Expo in 2015. The 2015 calendar was referred back to the Ad Hoc committee. Commissioners Beneto and Choper were scheduled to meet with northern stakeholders at a public meeting on Monday, January 13, 2014 at Golden Gate Fields.

Subsequent to the December 12, 2013 meeting of the Board, the Sonoma County Fair submitted documents in opposition to proposed date changes for the Sonoma County Fair.

ANALYSIS

The calendars scheduled to be discussed at the January 13, 2014 committee meeting are included in this meeting package. There is one primary calendar and two optional calendars providing alternatives for the Sonoma County Fair, Humboldt County Fair, and Golden Gate Fields race meets in August.

RECOMMENDATION

Staff recommends the Board hear from the Ad Hoc Committee and the interested stakeholders.

June 2015

June 2015						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

July 2015						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

	June 2015					
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday
May 31 - Jun 6	May 31	Jun 1	2	3	4	5
Jun 7 - 13	Golden Gate					
				Simulcast Day		
Jun 14 - 20	7	8	9	10	11	12
	Golden Gate					
Jun 21 - 27				Simulcast Day		
	14	15	16	17	18	19
Jun 28 - Jul 4	Pleasanton					
	Golden Gate			Simulcast Day		
	21	22	23	24	25	26
	Pleasanton					
				Simulcast Day		
	28	29	30	Jul 1	2	3
	Pleasanton					
						4

July 2015

July 2015

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August 2015

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	Jun 28	29	30	Jul 1	2	3	4
				Simulcast Day	Pleasanton		Independence Day - H
	5	6	7	8	9	10	11
	Pleasanton			Simulcast Day	Cal Expo		
	12	13	14	15	16	17	18
				Cal Expo			
				Simulcast Day			
	19	20	21	22	23	24	25
				Cal Expo			
				Simulcast Day			
	26	27	28	29	30	31	Aug 1
	Cal Expo			Simulcast Day	Santa Rosa		

August 2015

August 2015						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September 2015						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Jul 26	27	28	29	30	31	Aug 1
						Santa Rosa
2	3	4	5	6	7	8
Santa Rosa						
			Simulcast Day			
9	10	11	12	13	14	15
Santa Rosa						
			Simulcast Day			
16	17	18	19	20	21	22
Santa Rosa			Ferndale (Host)		Golden Gate	
			Simulcast Day			
23	24	25	26	27	28	29
Golden Gate			Ferndale (Host)		Golden Gate	
			Simulcast Day			
30	31	Sep 1	2	3	4	5
Ferndale						
Golden Gate						

7/26 - 31

8/2 - 7

8/9 - 14

8/16 - 21

8/23 - 28

8/30 - 9/4

September 2015

September 2015						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October 2015						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Aug 30	31	Sep 1	2	3	4	5
		Golden Gate				
			Simulcast Day			
6	7	8	9	10	11	12
Golden Gate						
	Labor Day - Holiday		Simulcast Day			
13	14	15	16	17	18	19
Golden Gate			Simulcast Day		Stockton	
20	21	22	23	24	25	26
Stockton			Simulcast Day		Stockton	
27	28	29	30	Oct 1	2	3
Stockton			Simulcast Day			

Aug 30 - Sep 5

Sep 6 - 12

Sep 13 - 19

Sep 20 - 26

Sep 27 - Oct 3

October 2015

October 2015							November 2015						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
4	5	6	7	8	9	10	1	2	3	4	5	6	7
11	12	13	14	15	16	17	8	9	10	11	12	13	14
18	19	20	21	22	23	24	15	16	17	18	19	20	21
25	26	27	28	29	30	31	22	23	24	25	26	27	28
							29	30					

Sunday		Monday		Tuesday		Wednesday		Thursday		Friday		Saturday	
Sep 27		28		29		30		Oct 1		2		3	
								Fresno					
4		5		6		7		8		9		10	
						Fresno							
						Simulcast Day							
11		12		13		14		15		16		17	
Fresno						Simulcast Day		Golden Gate					
18		19		20		21		22		23		24	
						Golden Gate							
						Simulcast Day							
25		26		27		28		29		30		31	
						Golden Gate		To Dec 20 ➡					
						Simulcast Day							

Sep 27 - Oct 3

Oct 4 - 10

Oct 11 - 17

Oct 18 - 24

Oct 25 - 31

Option B

August 2015

August 2015

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September 2015

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	Jul 26	27	28	29	30	31	Aug 1
7/26 - 31							Santa Rosa
	2	3	4	5	6	7	8
8/2 - 7				Santa Rosa Simulcast Day			
	9	10	11	12	13	14	15
8/9 - 14	Santa Rosa				Ferndale Simulcast Day	Ferndale Golden Gate	
	16	17	18	19	20	21	22
8/16 - 21				Ferndale Simulcast Day	Ferndale (Host)	Golden Gate	
	23	24	25	26	27	28	29
8/23 - 28	Ferndale			Simulcast Day			
				Golden Gate			
8/30 - 9/4	30	31	Sep 1	2	3	4	5
	Golden Gate						

New Option B

August 2015

August 2015						
Su	Mo	Tu	We	Th	Fr	Sa
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September 2015						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Jul 26	27	28	29	30	31	Aug 1
						Santa Rosa
2	3	4	5	6	7	8
Santa Rosa						
			Simulcast Day			
9	10	11	12	13	14	15
Santa Rosa			Ferndale			
			Ferndale (Host)			
			Simulcast Day			
16	17	18	19	20	21	22
			Ferndale			
			Ferndale (Host)		Golden Gate	
			Simulcast Day			
23	24	25	26	27	28	29
Ferndale			Simulcast Day			
Golden Gate						
30	31	Sep 1	2	3	4	5
Golden Gate						

Sonoma County FAIRGROUNDS

TEL 707-545-4200 FAX 707 573-9342 ♦ www.SonomaCountyFair.com
1350 Bennett Valley Rd. ♦ Santa Rosa, CA 95404

Wine Country Racing

The proposal to allow Cal Expo three weeks of racing in 2015 by granting them the additional week of July 22 to July 26 (a race week that has traditionally been ran at Santa Rosa) will be detrimental to the Sonoma County Fair. If the California Horse Racing Board will only grant the 2015 Sonoma County Fair race meet dates of July 29 to August 16, it leaves Sonoma County Fair Board having to make a choice between two evils.

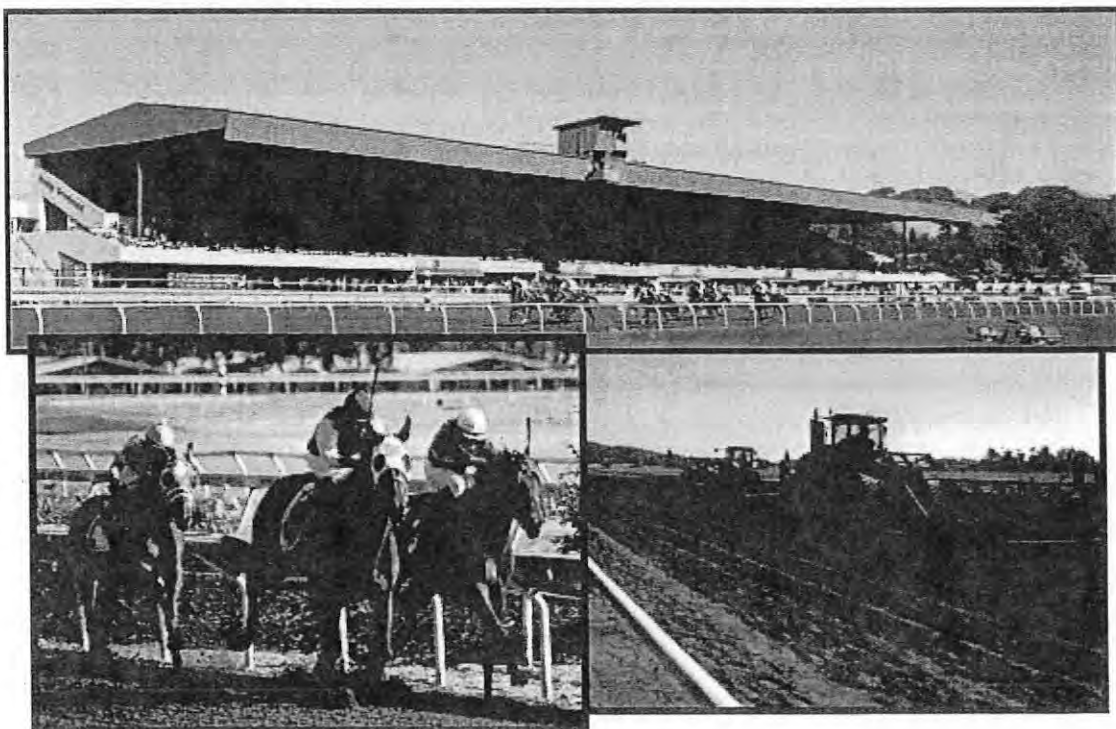
If the Sonoma County Fair board chooses to move their Fair onto these new race dates, the last week of Fair would be held during the first week of school for almost ½ of the students (20,000) in the County. The financial loss to the revenues from all aspects of fair programming would be significant, in the hundreds of thousands of dollars; but more importantly there will be lost opportunities for the Sonoma County youth, especially those that participate in our agriculture programs.

The most likely alternative will be that the Sonoma County Fair accepts these contested race dates and runs the last week of racing without a Fair program to support it. In other words, the 16 day Sonoma County Fair will start without racing, and end on August 9th; followed by another week of racing ran solo. We ran a week of racing without the fair in 2010 and experienced around a 50% decline in our on-track handle. The loss of these commissions, added to the decline in concessions, parking, admissions, reserved seats and sponsorship revenues would be as significant as the first scenario. In addition, not only would the horsemen suffer financially, but our meet would lack the excitement that our stakeholders are accustomed to. Further, in this scenario, other meets will also be negatively impacted. It is assumed that Humboldt County Fair will be moved a week later into their school season and Golden Gate Fields will lose a week of racing.

Overall Points to consider with Proposed 2015 Northern California Fair Racing Schedule:

- The Santa Rosa race meet is one of the most flourishing race meets in California, referred to as the "Saratoga of the West".
- We have made many improvements to our facility including having the only turf course associated with the California fair race circuit.
- The horsemen support our meet for many reasons and more specifically because of our turf course, facility improvements and mild weather.

- This encroachment into our traditional racing date allocation period would have a negative effect on the California racing industry as a whole.
- There is no indication that granting Cal Expo additional racing dates to the detriment of our fair would benefit any other entity but Cal Expo.
- As a matter of historical reference, in 2009, the Cal Expo Board of Directors chose to move its fair/racing dates off of the traditional Labor Day period into its current July timeframe in order to avoid conflicts with school dates. At that time, they agreed to the current schedule and the consequences this move would have on their race dates.
- Even when Cal Expo ran their race meet over Labor Day weekend with Del Mar, Sonoma County Fair's meet still outperformed Sacramento.
- Two other possible solutions to providing Cal Expo with three weeks of racing may be for Cal Expo to move back to their historical Labor Day dates or for Alameda County Fair to move up in the calendar since schools are getting out by early June.
- The most recently concluded horse racing program at the Sonoma County Fair during the historical CHRB allocated dates period created:
 - **More handle than Cal Expo;** 12% more for average daily handle and 46% more for total handle.
 - **More purse money generated and awarded to California horsemen;** 14% on average and 48% for total purses generated and awarded.
 - **Higher thoroughbred field sizes;** 8% more averaged over past four years.
 - **Higher racing attendance percentage;** 8% more of fair patrons attended the race meet.
- For your reference, please see the included information and correspondence that relates to the CHRB assignment of both 2014 and 2015 race dates.



~ Handle Comparison ~

Total & Average Daily Handle Comparison for 2013 Race Meets

	<u>Brick & Mortar</u>	<u>ADW</u>	<u>Total Handle</u>	<u>Ave. Daily Handle</u>
Santa Rosa (13 days)	24,389,367	8,508,332	32,897,699	2,530,592
Cal Expo (8 days)	13,204,350	4,662,771	17,867,121	2,233,390

- Our average daily handle during the most recently concluded race meet exceeds the handle of Cal Expo.



~ Purses Generated ~

Gross Purses Generated from Brick & Mortar Facilities and ADW Wagers

<u>Racing Year</u>	<u>Cal Expo</u>	<u>Ave. Daily</u>	<u>Santa Rosa</u>	<u>Ave. Daily</u>
2009 (Labor Day period)	1,074,735	97,703	1,159,943	115,994
2010	757,976	75,798	1,429,150	94,676
2011	899,440	99,937	1,654,295	110,286
2012	857,870	107,233	1,625,857	108,390
2013	844,411	105,551	1,601,144	123,164

- The purses generated for our race meet far exceed the purses generated for the Cal Expo meet (even in 2009 when Cal Expo was still running on Labor Day).



~ Field Size Comparison ~

Thoroughbred Field Size Comparison at Santa Rosa vs. Cal Expo

SANTA ROSA

Racing Year	Racing Days	Total Races	Total Runners	Ave. Runners
				Per Race
2010	15	118	952	8.07
2011	15	111	861	7.76
2012	15	108	833	7.71
2013	13	95	729	7.67

CAL EXPO

Racing Year	Racing Days	Total Races	Total Runners	Ave. Runners
				Per Race
2010	10	63	456	7.24
2011	9	61	445	7.30
2012	8	56	377	6.73
2013	8	59	427	7.24

- The thoroughbred field size at Sonoma County Fair is higher than that of the Cal Expo meet creating more interest and wagering opportunities.



~ Attendance Comparison ~

Track Attendance Comparison at Santa Rosa vs. Cal Expo

SANTA ROSA		Track	Daily Average	Fair	% of Racing to
Racing Year	Racing Days	Attendance	Track Attendance	Attendance	Fair Patrons
2010	15	39,101	2,607	270,245	14.47%
2011	15	41,926	2,795	331,307	12.65%
2012	15	40,030	2,669	318,532	12.57%
2013	13	36,830	2,833	325,126	11.33%
Totals	58	157,887	2,722	1,245,210	12.68%

CAL EXPO		Track	Daily Average	Fair	% of Racing to
Racing Year	Racing Days	Attendance	Track Attendance	Attendance	Fair Patrons
2010	10	31,266	3,127	742,352	4.02%
2011	9	30,879	3,431	737,360	4.19%
2012	8	26,448	3,306	693,034	3.82%
2013	8	26,818	3,352	697,045	3.85%
Totals	36	115,411	3,297	2,869,791	4.02%

- The racing attendance to fair attendance ratio at Sonoma County Fair is much higher than that of Cal Expo.
- Cal Expo reports high attendance in their last week of fair that has traditionally continued to operate without their live horseracing product being offered. With the exclusion of non-race days (including Tuesday Free Kid's Day) and the discontinuance of the Sacramento Mile during the proposed fair racing (last Saturday), their attendance figures would decrease significantly.
- Santa Rosa has proven a steady attendance and overall higher percentage of racing patrons that Cal Expo will not be able to exceed.





5340 Skylane Boulevard
 Santa Rosa, CA 95403-8246
 (707) 524-2600 ■ www.scoe.org

November 18, 2013

Mr. David Israel, Chairman
 California Horse Racing Board
 9507 Santa Monica Blvd., Suite 305
 Beverly Hills, CA 90210

Dear Mr. Israel:

It has been brought to my attention that the California Horse Racing Board is suggesting that the Sonoma County Fair move its race meet, and ultimately their fair dates, a week later than normally scheduled. This would put the Fair and race meet dates to July 31 through August 17, 2014. This move would put the last week of the fair into our school year.

Four of Sonoma County's School Districts will return to school the week of August 11 - 15. Based on our current information, these four schools are the largest schools in the County, with the number of students enrolled in these districts totaling approximately 19,955. Both teachers and students make up a large portion of the Fair's temporary workforce. For many students, the Fair is a first-time summer job, while others come back to work at the Fair year after year. The experience gained by working at the Fair and the bonds developed is invaluable.

Mr. Israel, I urge you to reconsider your suggestion of moving the dates of the 2014 Sonoma County Fair. This move would seriously impact many of our students and teachers in this County, jeopardizing a valuable opportunity to be involved in our agricultural programs and our community.

Sincerely,

A handwritten signature in cursive script that reads "S. Harrington".

Dr. Steven Harrington, Superintendent
 Sonoma County Office of Education

Attachment

Cc: Tawny Tesconi, Fair Manager

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0115

California Legislature

October 17, 2013

David Israel, Chair
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Re: Allocation of the Northern California 2014/15 Racing Calendar

Dear Chairman Israel:

We are writing to strongly oppose a proposed change in the horse racing schedule for the Sonoma County Fair's race dates.

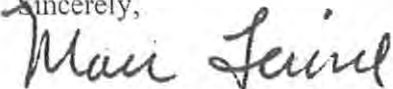
In 2011, budget shortfalls forced the Legislature to eliminate state dollars for fairs. The loss of funding and limited resources has left many fairs around the state struggling to continue their operations. In looking at the racing calendar, we need to work together to provide solutions that increase the independence of the fairs and ensure their long term financial stability.

Requiring the Sonoma County Fair to reschedule deeper into August would result in decreased revenue and participation. Youth involvement by 4-H and Future Farmers of America clubs would significantly decrease with school back in session. This would also have a negative impact on the fair's temporary employees, many of whom are local teachers and students. In more rural areas like Sonoma County, this type of participation is vital to the fair's overall success.

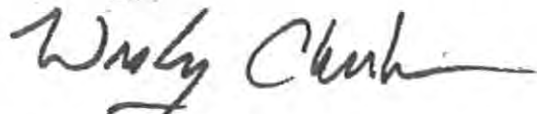
Moreover, it is unrealistic and cost prohibitive to expect the fair to reschedule their dates in less than a year. It is our understanding that much of the planning including entertainment and vendor concessions contracts has already occurred. The publicity and marketing efforts to promote the 2014 fair dates have been in place since late July. For these reasons, we urge the California Horse Racing Board to allow the Sonoma County Fair to continue with plans for race dates July 24 through August 10, 2014.

As Legislators who represent the North Bay, we all agree that moving the race dates would not be in the best interest of our community, and we hope that you consider this letter at the October 24th board meeting.

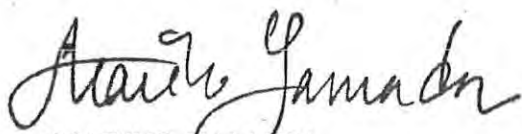
Sincerely,



MARC LEVINE
Assemblymember, 10th Assembly District

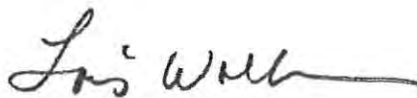


WESLEY CHESBRO
Assemblymember, 2nd Assembly District



MARIKO YAMADA

Assemblymember, 4th Assembly District



LOIS WOLK

State Senator, 3rd Senate District



NOREEN EVANS

State Senator, 2nd Senate District

CC: Honorable Edmund G. Brown, Jr., Governor of California
Jacqueline Roberts, Office of Governor Edmund G. Brown Jr.
Jackie Wagner, Assistant Executive Director, California Horse Racing Board
Anna M. Caballero, Secretary, Business, Consumer Services and Housing Agency
James Goldstene, Undersecretary, Business, Consumer Services and Housing Agency

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0115

California Legislature

December 10, 2013

David Israel, Chair
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95814

Re: Adoption of Northern California 2014/15 Racing Calendar (Agenda Item 15)

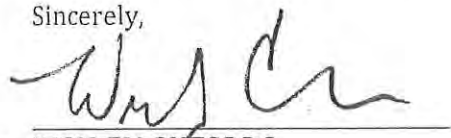
Dear Chairman Israel:

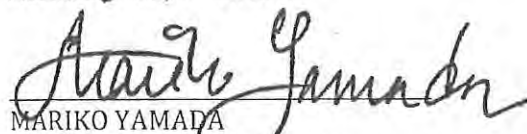
This letter is in reference to Agenda Item 15 regarding the allocation of the Northern California 2014/15 racing calendar and related issues. We understand the staff recommendation is to make no changes to the race calendar for 2014. We strongly agree with this recommendation. Per our prior letter to the Board, any change to the 2014 racing schedule, given that it is a little more than 7 months away, would create a tremendous hardship for our fairs.

We also want to express strong opposition to any change of the 2015 racing calendar. We believe that such a decision at this time is premature given the strong opposition of numerous stakeholders including our county fairs. We urge the board to postpone a decision on the 2015 racing schedule to a later date so that all the stakeholders can continue to work with Board staff to address issues of concern in order to reach some consensus. There is no reason to rush this decision. We believe, to do so would be to the detriment of the fairs in the counties we represent.

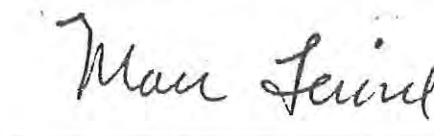
Thank you for your consideration of our concerns. We look forward to continue working on this issue with your staff.

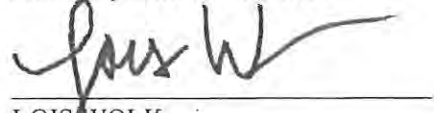
Sincerely,


WESLEY CHESBRO
Assemblyman, 2nd District


MARIKO YAMADA
Assemblywoman, 4th District


NOREEN EVANS
Senator, 2nd District


MARC LEVINE
Assemblyman, 10th District


LOIS WOLK
Senator, 3rd District

Cc: Anna Caballero, Secretary
Business, Consumer Services & Housing Agency