

**THOROUGHBRED OWNERS OF CALIFORNIA
BOARD OF DIRECTORS MEETING
Friday, November 15, 2013 – 11:00 a.m.
Hollywood Park**

MINUTES

Directors Present: Nick Alexander, Madeline Auerbach, Bob Baffert, Mark Dedomenico (by phone), Ron Ellis, Mike Harrington, Ed Moger, Billy Morey (by phone), Jack Owens, Mike Pegram, Pablo Suarez (by phone), George Todaro (by phone), Kathy Walsh, and Mike Wellman.

Directors Absent: None.

Staff Present: Joe Morris, Kellee Breen, Mary Forney, and Richard Scheidt.

I. Call to Order

The meeting was called to order at 11:05 by Mr. Morris.

II. Approval of Minutes

Mr. Wellman noted a correction to the minutes of November 8, 2013, as follows: the motion to approve the extra 1% from SCOTWINC was made by Mr. Harrington. On a motion by Mr. Owens, seconded by Mr. Harrington, the minutes of the November 8, 2013 meeting were unanimously approved as corrected, and the minutes of the October 18, 2013 meeting were unanimously approved.

III. President's Report

A. Resignation of Dennis Cardoza

Mr. Morris said that a thank you letter has been sent to Mr. Cardoza, and Mr. Cardoza has generously offered to be available to help TOC on legislative issues. Mr. Morris noted that the board vacancy created by Mr. Cardoza's resignation should be filled within the next few weeks. Ms. Auerbach proposed nominating Bill Strauss, who was the next highest vote getter in the last election. Following a brief discussion, Mr. Pegram recommended delaying a vote until the next board meeting to allow board members to make other nomination should they wish.

B. Industry Update

Mr. Morris reported that staff is working with Santa Anita with regard to their licensing for the upcoming meet. He also said the Stabling & Vanning committee has been working on finalizing the stabling agreement for 2014, and a brief board discussion ensued with regard to payment issues raised by Fairplex. Mr. Morris visited Los Alamitos last week and gave an update on improvements to that track.

Mr. Morris updated the board on the approval of fall dates for Del Mar, the Hollywood Park OTB, and mini-satellites.

C. SCOTWINC Restructuring

Mr. Morris will be attending a SCOTWINC meeting a week from today. They are currently working on restructuring SCOTWINC since Hollywood Park is no longer a

member, as well as removing Oak Tree and Sacramento Harness. He is continuing to work through and maintain TOC's traditional share of votes.

D. Northern California Race Dates

A race dates meeting originally planned for this week was cancelled, and the next meeting is scheduled for November 26 to set 2014 race dates for Northern California. TOC's position remains the same with regard to protecting Golden Gate Fields' weeks.

IV. ADW/Simulcast Committee

Mr. Morris met with Lien Games, who asked TOC to negotiate a hub agreement with them. Lien Games subsequently negotiated a hub agreement with CARF, with CARF taking .5% of everything bet from Lien Games customers betting to or from California. TOC's only legal option at this point is arbitration, which Mr. Morris has informed CARF we will do if the .5% clause is not removed from the hub agreement.

V. Finance Committee

Ms. Breen provided a brief financial report. YTD surplus is currently \$91,000. With regard to the YTD budget, track revenues are up, and expenses are under by \$43,000. TOC's Form 990 has been completed and filed with the IRS. The audited financial report was sent to the CHRB in a timely manner and posted on the TOC website.

VI. Racing Affairs Committee

A. Discussion on Participation Purses

Following discussion of Participation Purses, it was the recommendation of the Racing Affairs committee that the issue be tabled until sometime next year. Following board discussion, Ms. Walsh made a motion to table the issue until the February board meeting. The motion was seconded by Mr. Harrington and, following further discussion, passed with eight yeases.

Mr. Wellman requested a subcommittee be formed in the meantime to work on the issue, developing analysis and further information such as a cross section of field sizes and types of races over the past five years.

B. Del Mar Pick 6 Bonus Promotion Review

Mr. Scheidt reviewed his further analysis of the promotion, as enclosed in packet.

C. Graded Stakes Opinion

Ms. Auerbach said a letter would be sent from TOC to the Graded Stakes Committee asking them not to increase the amounts on Grade 3 races.

D. Del Mar Underpayment

Ms. Auerbach reported that this year's underpayment is estimated at \$679,000. The final carryover into 2013 was \$737,000. Based on the information available, the committee recommends allowing \$679,000 to be carried over to 2014, with a stipulation that Grade 1 and 2 stakes not be reduced. Mr. Pegram requested a final accounting from Del Mar.

Mr. Morris reported on his meetings with Santa Anita yesterday. Santa Anita would like to split their winter-spring meet some time in April, with a week break. Mr. Morris is

discussing shorter break possibilities with them. Additionally, Santa Anita is proposing eliminating rolling daily doubles, lowering takeout on daily doubles on races 1-2, 4-5, and the last two races of the day from 22.68 to 18 percent, which would make it the lowest daily double takeout rate at a major U.S. track. Santa Anita is asking TOC to contribute \$100,000 towards marketing the program for the first meet. Following discussion, Mr. Wellman moved to approve \$100,000 to market the new daily double. The motion was seconded by Ms. Walsh and passed unanimously.

Mr. Morris obtained information last week from the CTT on Santa Anita track surface testing. A discussion ensued regarding the possibility of partnering with CTT and the CTBA to appoint someone to represent our collective wishes with regard to track surface and safety. Mr. Harrington made a motion to give Mr. Morris authority to work jointly with CTT and CTBA to hold Santa Anita accountable. The motion was seconded by Ms. Walsh and, following further discussion, passed unanimously.

Further discussion regarding Santa Anita's proposed break in the meet ensued, and it was the feeling of the board that we do not want to give up a weekend of racing.

Following a brief discussion, Ms. Auerbach requested that a full board conference call be scheduled following the Racing Affairs committee negotiations with Santa Anita, to formally approve the stakes schedule.

- VII. Owner Relations/Marketing Committee
Mr. Wellman gave a brief recap of TOC presence during Breeders' Cup, including an open house in conjunction with CTBA. He would recommend additional presence/funding next year, which will only be possible with additional staffing.
- VIII. Medication Committee
 - A. Update on Research Funding Meetings in Washington, D.C.
Dr. Dedomenico reported on his week in Washington DC, during which he was able to obtain some matching research funds. However, he expressed disappointment at the breeders, who are not interested, with no one stepping up. He recommended TOC write a letter to the breeders expressing our disappointment. Mr. Morris will work on a draft and review it with Dr. Dedomenico.
- IX. Legislative Committee
No report.
- X. Race Meet Reports
Mr. Scheidt provided race meet reports for Golden Gate Fields, Hollywood Park through the first four days, and Santa Anita.
- XI. Executive Session
The board adjourned to a brief Executive Session.
- XII. Next Meeting
The next meeting was moved to Monday, December 16 at 11:00 at Los Alamitos.
- XIII. Adjournment
The meeting was adjourned at 1:22 p.m.