

**THOROUGHBRED OWNERS OF CALIFORNIA
BOARD OF DIRECTORS MEETING
Friday, March 14, 2014 – 11:00 a.m.
Santa Anita**

MINUTES

Directors Present: Nick Alexander, Bob Baffert, Ron Ellis, Mike Harrington, Terry Lovingier, Ed Moger, Billy Morey (by phone), Jack Owens (by phone), Mike Pegram, Bill Strauss, Pablo Suarez, Kathy Walsh, and Mike Wellman.

Directors Absent: Mark Dedomenico and George Todaro.

Staff Present: Joe Morris, Kellee Breen, Mary Forney, and Richard Scheidt (by phone).

- I. Call to Order
Mr. Morris called the meeting to order at 11:05 a.m.
- II. Approval of Minutes
On a motion by Mr. Wellman, seconded by Mr. Lovingier, the minutes of February 14, 2014 were unanimously approved.
- III. President's Report
 - A. Industry Update
Mr. Morris reported 2,788 horses in his most recent count (February). He is also working on getting all stabling facilities on the InCompass system, but there have been a few minor technical difficulties that hopefully will be resolved by the end of March. There was a brief discussion about the horse population. Mr. Ellis suggested looking into the possibility of keeping Santa Anita open during Del Mar in place of Fairplex. Mr. Morris will discuss the possibility with Santa Anita.
 - B. Workers' Comp Legislation Sunset – Update
Mr. Morris said the legislation passed the Assembly floor this week with a vote of 70 to 0, and we are close to getting that accomplished.
- IV. ADW/Simulcast Committee
Mr. Morris reported Sammy's opened with outstanding opening numbers and great reviews. He also updated on the other OTB's that have opened recently, those in final preparations to open, and potential new sites. He then provided updates on his meeting this week with Mr. Korby as well as the ADW negotiations.

The California tote contract is up next year, and an RFP will be going out in June. Mr. Morris is expecting Sportech, Amtote and United Tote to bid on it. He also noted that the pari-mutuel union contract expires toward the end of this year, and portions of the contract need to be amended (e.g. those pertaining to non-attended machines for OTBs, retired workers getting first bid on weekends, and manning clauses). The implementation of technology to identify on-track ADW wagers is progressing slowly, but the hope is that it can be put in place by the beginning of Santa Anita's April 25 meet.

V. Finance Committee

Ms. Breen provided a brief financial report, noting a \$247,000 year-to-date surplus. She also provided an insurance premium update for the corporate, D & O, and business owners' policies.

VI. Racing Affairs Committee (Taken out of order following Approval of Minutes)

A. Del Mar – Los Alamitos Horse Recruitment Program

Mr. Morris updated the board on the ongoing negotiations. TOC is urging for a year-round recruitment program. He will have follow-up calls next with Santa Anita, Del Mar and Los Alamitos. The matter will be further discussed in Executive Session.

B. Final Hollywood Park Underpayment Distribution

Mr. Scheidt updated the board on the status of Hollywood Park's process of settling all receivables and determining the underpayment. They are projecting about a 7% retroactive payment for their fall meet to go out by early April. Any residual could be at TOC's discretion to carry over to another southern California meet. There was a question about receivables due from Caliente, and Mr. Morris will follow up regarding current outstanding receivables for the Santa Anita meet. On a motion by Mr. Alexander, seconded by Ms. Walsh, the board unanimously approved Hollywood Park's retroactive distribution to our owners.

C. 2013 NorCal Fair Update

Mr. Scheidt updated the board on the 2013 fair meets. Mr. Morris added that the Oak Tree meet at Pleasanton has been finalized and is close to being passed through the Assembly. They are considering adding sponsorship money to the fair schedule, and he is monitoring that carefully. Mr. Morris informed Mr. Korby that TOC would not sign any agreement with CARF for racing at locations where there is no fair. Mr. Owens asked that Oak Tree be provided with the Australian study regarding exchange wagering in advance of the Pleasanton meet.

Mr. Morris will be attending a meeting in the Governor's office on Monday regarding race dates for the northern California fairs. He distributed a handout showing the negative effect to purses and commissions if Sacramento runs for three week. The Board agreed that we cannot sign a race meet agreement that takes this type of money out of the Thoroughbred industry.

VII. Owner Relations/Marketing Committee

Mr. Wellman provided a brief report on this year's Owner Award statistical winners and the committee's recommendation for the Rookie of the Year award, Brian Decker. Mr. Wellman made a motion to approve the selection of Mr. Decker, which was seconded by Mr. Alexander and unanimously approved. Mr. Wellman then reported on discussions with Los Alamitos regarding services for owners and asked for board input regarding valet service. Following a brief discussion, it was recommended that we invite Mr. McKinzie to be a guest at the April board meeting.

Mr. Wellman also asked for a vote on the recipient for the Chairman's Award. Mr. Pegram has recommended Doc Allred for his efforts with regard to stabling costs, adding additional stalls for Thoroughbreds and stepping up with the Thoroughbred meet, and his instrumental role in obtaining affordable Workers' Comp insurance benefits for our sport.

On a motion by Mr. Harrington, seconded by Mr. Lovingier, the board unanimously voted for Doc Allred to receive the 2013 Chairman's Award (Ed Friendly Industry Service Award).

VIII. Medication Committee (taken out of order following Racing Affairs)

A. Third-party Lasix Administration

Mr. Morris will write the California protocol for third-party Lasix administration and bring it before the board for approval. He has done some informal polling and will be gathering more information from other jurisdictions. A discussion ensued.

IX. Race Meet Reports

Mr. Scheidt provided race meet reports for Santa Anita with updated numbers from those included in the board packet, showing a significant improvement in handle. In Northern California, he reported overall purse revenue is slightly down and field size is flat, but the purse account is in good shape. Golden Gate Fields has reinstated the Alcatraz Stakes, which will now keep its black type eligibility. Golden Gate is also creating a Cal-bred showcase day on June 8. He added that the biggest complaint he gets is regarding the lack of marketing at Golden Gate Fields. A discussion ensued regarding marketing in both northern and southern California.

X. Nominating Committee

Mr. Suarez reported on the candidates running for the six open seats (including five incumbents and three new nominees). Ballots will go out to membership on May 15 and are due back June 15.

XI. Executive Session

In closed session, the board discussed a request for Mike Harrington to join the Los Alamitos Thoroughbred board, which is an advisory board set up by Dr. Allred. On a motion by Mr. Wellman, seconded by Ms. Walsh, the request was unanimously approved.

XII. Next Meeting

The next meeting is Friday, April 11, 2014 at 11:00 a.m. at Santa Anita

XIII. Adjournment

The full board meeting adjourned to executive session at 12:42 p.m.