

**THOROUGHBRED OWNERS OF CALIFORNIA
BOARD OF DIRECTORS MEETING
Friday, July 11, 2014
Los Alamitos**

Minutes

Directors Present: Nick Alexander, Bob Baffert, Jim Cahill, Ron Ellis (Phone), Mike Harrington, Terry Lovingier, Ed Moger (Phone), Billy Morey (Phone), Jack Owens (Phone), Mike Pegram, Bill Strauss, George Todaro (Phone), Kathy Walsh, and Mike Wellman.

Directors Absent: Mark Dedomenico

Staff Present: Joe Morris, Kellee Breen (Phone), Richard Scheidt and Randy Olson

I. Call to Order

Mr. Morris called the meeting to order at 11:02 a.m. and proceeded to welcome and introduce Jim Cahill to the board.

The board adjourned to Executive Session.

II. Approval of Minutes

On a motion from Mr. Alexander, seconded by Mr. Wellman, the minutes of June 13, 2014 and June 18, 2014 Conference Call were passed unanimously.

III. Election of Officers, TOC Committees

A. Election of Officers

Mr. Morris read proposed nominations for board officers. On a motion by Mr. Cahill, seconded by Mr. Alexander, the following were unanimously elected: Mike Pegram, Chair; Bill Strauss, Vice Chair Southern California; Jack Owens, Vice Chair Northern California; Nick Alexander, Secretary/Treasurer; Ed Moger, Executive Committee Member at Large; Mike Harrington, Executive Committee Member at Large.

B. 2014-2015 TOC Committees

Mr. Morris distributed list of TOC Committees with proposed members for each. On a motion by Mr. Cahill, seconded by Mr. Alexander, the committee list was unanimously approved as proposed.

There was discussion regarding Industry Committees and in particular the NTRA and CMC. Mr. Wellman is considering the NTRA committee and will discuss further with Mr. Morris.

IV. President's Report

- A. **Industry Update**
Mr. Morris noted that the Cal State Fair meet in Sacramento is about to start and the situation regarding tack rooms and grooms' quarters is still unsettled. There is also a concern regarding the safety rail. General discussion ensued with Messrs. Owens and Morey voicing concerns along with Mr. Morris about the push for additional racing in Sacramento that is now followed by some unfulfilled commitments. It was also brought up that TOC may be the target of unjust criticism regarding a house claiming rule. Mr. Owens suggested a joint letter with CTT to the CHRB specifically listing our concerns. Mr. Morris will work with CTT as well as the Jockeys Guild, if applicable.
- B. **Horse Count**
Mr. Morris gave a report on the horse count in Southern California and voiced a concern that Los Alamitos has not provided a list of horses stabled on the grounds. He will continue to request the report.
- C. **Horse Recruitment**
Mr. Morris gave an update on recent discussion regarding the use of CMC funds for statewide horse recruitment. He is working with Mr. Wellman at the CMC level to get this done beginning in 2015. He noted that the CMC legislation will sunset at the end of this year and there is a bill on the table to extend the sunset. General discussion took place on the potential use of those funds for statewide horse recruitment. Mr. Wellman updated the board on the history of the CMC fund and stated the tracks generally are in favor of the recruitment initiative. The board agreed with this direction. Messrs. Morris and Wellman will continue in this direction and report back to the board.
- D. **Report on Pleasanton Open Forum**
Mr. Morey gave a brief report on the Open Forum in Pleasanton on June 28th. There were approximately 45 attendees. Mr. Pegram stated that the questions that come in Northern California are well thought out and the forums in Pleasanton have gone well over the years.
- E. **CARF Satellite Proposal**
Mr. Morris briefed the board on a meeting with CARF on June 28th. He mentioned that two satellites in the North closed in 2013 (Bakersfield and Tulare). He reviewed the CARF proposal for a 1% increase for CARF satellite facilities based on the current location fees they receive. He detailed how the proposal would work with CARF holding funds similarly to the now defunct Equipment Replacement Fund to be used for capital improvements and possibly some operating expenses. General discussion took place regarding the proposal. The board would want NOTWINC to be unanimously in favor of any proposal and would want NOTWINC to hold any funds for equipment

replacement funds. Mr. Morris was instructed to send a counter proposal with those points included.

V. ADW/Simulcast Committee

A. OTB Update

Mr. Morris provided a brief update on the mini satellites in Southern California. He further stated that all the new facilities are doing well in the South.

B. On-track Wagers Update

Mr. Morris stated that the on-track wager project is moving forward slowly.

VI. Finance Committee

A. Financial Update

Ms. Breen gave a detailed update on the financials noting the fiscal year ended June 30th with a surplus. She also reviewed the previous year as a comparison. She then reviewed the 2014/2015 budget expenses compared to the recently completed year noting the key line items that will change. Mr. Alexander noted two additional line items that influenced the expenses.

B. Review 2015 Budget Revenues

It was noted that the 2015 Revenue assumptions were voted and passed at the previous meeting.

C. Vote on 2015 Budget

Ms. Breen and Mr. Morris reviewed the 2014/2015 Budget. Mr. Alexander made a motion to approve the budget, which was seconded by Mr. Strauss and unanimously approved.

VII. Owner Relations Committee

A. New Owner Seminar July 20, Del Mar

Mr. Wellman reminded the board that the New Owner seminar and Barretts sale preview is July 20th, the first Sunday morning of the Del Mar meet. The seminar is co-sponsored by TOC, Del Mar and Barretts.

B. Southern California Annual Meeting, August 23

Mr. Wellman reminded and encouraged all board members to attend the Southern California Annual Meeting on August 23rd at Del Mar, the day after our next board meeting.

General discussion took place and Mr. Owens suggested boosting TOC's seminar program for the future, including a plan to recruit as many new people as possible.

VIII. Racing Affairs Committee

A. Santa Anita Spring Meet Update

Mr. Scheidt reviewed the recently completed Santa Anita spring meet including handle, revenue and attendance figures compared to Hollywood Park spring in 2013.

B. Del Mar Summer Meet Requests

Mr. Morris reviewed requests from Del Mar regarding Pick 4 and Pick 6 guarantees as well as the Sunday Pick 6 Winners Bonus. General discussion took place for several minutes. Mr. Cahill made a motion to approve the requests as proposed, which was seconded by Ms. Walsh. The motion passed unanimously. A new side letter between Del Mar and TOC with the details will be executed for the 2014 summer meet.

C. Discussion on Purse Over-Under Carry Forwards

Mr. Morris distributed a sheet and reviewed the details regarding meet-to-meet over- and underpayments at Santa Anita and in general. He spoke on the history of how the monies have been handled in the past. With the changes in racing schedules and goal of year round consistency for purses he recommended moving a projected underpayment from the Santa Anita spring meet to the upcoming autumn and winter meets at Santa Anita. Mr. Pegram noted that this is a change of direction from the past when retroactive payments may have been made. Mr. Wellman added that TOC needs to be mindful of purse levels for the meets before and after Los Alamitos and the effect they might have on the new short meets run there. A motion was made by Mr. Harrington, seconded by Mr. Lovingier to move monies from the recently completed Santa Anita spring meet to the upcoming autumn meet in order to keep purse levels consistent and to the Santa Anita meet set to begin December 26th specifically for stakes races at that meet. The motion passes unanimously.

D. L.A. County Fair Meet Request for Rainbow Pick 6

Mr. Morris noted that the LACF meet to be conducted at Los Alamitos would conduct a Pick 6 similar to that at Gulfstream Park. He noted that TOC does not need to approve this wager as it will not change takeout. He added that the carryover percentage will be looked at carefully to make the wager as attractive as possible. Mr. Scheidt noted that the recently completed Oak Tree at Pleasanton meet with a similar wager handled approximately the same amount as 2013 when the minimum wager was \$2.

IX. Medication Committee

A. Update on Uniform Medication Guidelines

Mr. Morris informed the board that CHRB passed the new uniform medication guideline rules at its June meeting. General discussion took place with Mr. Baffert commenting on the transparency of veterinarian records and requests he has received recently regarding race day medication. There was a general discussion on uniform medication rules.

- X. Legislative Committee
 - A. Legislative Update

Mr. Pegram informed the board that I-Poker legislation has come to a head. We are now in a holding pattern, and the Governor's Office has informed the Indian Tribes that racing will be included in any legislation to move I-Poker forward.

- XI. Race Meet Reports

Mr. Scheidt delivered a recap of the recently completed Golden Gate and Oak Tree at Pleasanton race meets as well as the first week of Los Alamitos.

- XII. Executive Session (Taken out of order from 11:05-11:35)

There was a discussion on the request from Del Mar for reduced takeout on rolling doubles for the upcoming meet – reducing takeout from 22.68% in 2013 to 20% in 2014. Ms. Walsh made a motion to approve the request, which was seconded by Mr. Lovingier and passed with one opposed (Wellman).

- XIII. Next Meeting

The next meeting will be Friday, August 22, 2014 at 11:00 at Del Mar

- XIV. Adjournment

Mr. Pegram adjourned the meeting at 1:35 p.m.