

**THOROUGHBRED OWNERS OF CALIFORNIA
BOARD OF DIRECTORS MEETING
Friday, December 12, 2014 – 11:00 a.m.
Conference Call**

MINUTES

Directors Attending: Nick Alexander, Jim Cahill, Ron Ellis, Mike Harrington, Terry Lovingier, Ed Moger, Billy Morey, Jack Owens, Mike Pegram, Bill Strauss, Kathy Walsh, and Mike Wellman.

Directors Absent: Bob Baffert, Mark Dedomenico, and George Todaro.

Staff Attending: Joe Morris, Mary Forney, and Richard Scheidt.

I. Call to Order

Mr. Morris called the meeting to order at 11:01 a.m. Due to inclement weather the meeting, which was originally scheduled to take place at Los Alamitos, was held as a conference call.

II. Approval of Minutes

On a motion by Ms. Walsh, seconded by Mr. Cahill, the minutes of November 14, 2014 were unanimously approved. The board then adjourned to Executive Session.

III. Executive Session

A. Legal Issues

IV. President's Report

A. Stabling/Horse Count

Mr. Morris provided a brief update on recent stabling discussions and noted that at the end of November the horse count was 2,942, including 19 yearlings. There are ongoing discussions with Galway. However, since only a currently licensed racetrack can operate an auxiliary stabling facility, Messrs. DeMarco and Balch are working on that with and Del Mar's attorney. Mr. Morris spoke to Mr. Chillingworth this week, and Oak Tree is interested. Messrs. Chillingworth and Barr will visit Galway on Tuesday with Mr. Morris.

B. Tote Contract

Mr. Morris reported that the SCOTWINC board would meet on Wednesday and award the tote contract.

C. Negotiations with Santa Anita re: Future Stabling

Mr. Morris updated the board on a meeting he and Mr. Pegram had last Saturday with Mr. Brackpool of Santa Anita. Mr. Brackpool indicated Santa Anita would like the industry to participate in financing 800 new stalls; TOC is willing to have that conversation if Santa Anita commits to always having 2,400 stalls available at Santa Anita and SLRD. TOC is also asking for a commitment from Santa Anita to remain open for a specified number of years.

Discussion ensued regarding future stabling needs and Galway Downs negotiations.

D. Horse Recruitment

Mr. Morris reported some progress is being made on a horse recruitment program. The Ship and Win program is scheduled to start March 1, which works within the CMC budget.

E. CARF Satellite Proposal

Mr. Morris has written a resolution, which he will provide to NOTWINC and CHRFB. He hopes to get the new OTB's open in the North soon.

F. CHRFB Rule 1699 re: Disqualifications

Following a brief discussion, it was the board's recommendation that we do not take a position at this time and let the CHRFB handle this issue.

G. Santa Anita Park Rebate Proposal

Mr. Morris called the board's attention to a Santa Anita proposal for a significant player program. Mr. Pegram recommended, and all agreed, that Mr. Morris come back to the board with a counter proposal for vote.

V. ADW/Simulcast Committee

A. OTB Update

Mr. Morris gave a brief update on the status of the OTB's.

He then reported that arbitration letters were sent yesterday to TVG, Xpressbet, Twinspires, Santa Anita and Del Mar. He provided some background on statutory requirements and added that we do not want to go to arbitration, but would like all parties to sit down at the table and negotiate regarding the extra .5% we would like to go to stabling and vanning, TV fees, etc. Santa Anita has already indicated they would be willing to discuss. Mr. Morris has asked Drew Couto to sit in on the meetings as our attorney.

Mr. Owens requested that consideration be given to allocating CMC funds to Golden Gate Fields, per a request by Gloria Haley. Mr. Wellman agreed to look into the matter.

B. SCOTWINC-NOTWINC Updates

Mr. Morris noted that with increases in tote costs and OTB expansion for SCOTWINC, commissions would have to be raised a little. He is working with Mr. Haines to tighten procedures.

C. Codere, Spain

Monarch has requested that TOC approve distribution of the southern California signal to Codere, Spain at the same rate we charge Australia. It will be shown in sports books and restaurants and is expected to be incremental handle. Mr. Cahill made a motion to approve with the stipulation that we review in six months, which was seconded by Mr. Strauss and unanimously approved.

VI. Finance Committee

A. Financial Update

Mr. Alexander gave a brief financial report, noting a surplus for November of \$8,700. Legal bills for the first five months of the year totaled \$203,000. There was a brief discussion about the possible effect of the Los Alamitos numbers on budget planning for the remainder of the year.

Mr. Morris added that an interview is scheduled tomorrow with a woman who is a bookkeeper and for whom we have received good references. Additionally, several industry contacts have been made aware of the fact that we are seeking a part-time accountant, including Bolton Insurance, which is working as a headhunter for us. Ms. Breen will start training in January.

VII. Owner Relations Committee

A. Box Seat Open Forum Recap

Mr. Wellman reported on the box seat open forum held at Santa Anita. Mr. Morris said he anticipates some sort of a counter proposal coming from Santa Anita, and he will reach out to Mr. Brackpool over the next couple of days and remind him.

B. Los Alamitos Open Forum Recap

Mr. Wellman reported on the recent TOC open forum at Los Alamitos. Attendance was poor, but we hope to improve on that in the future.

VIII. Racing Affairs Committee

A. Santa Anita & Golden Gate Winter-Spring Meets Update

Mr. Morris informed the board that he has not signed the Santa Anita or Golden Gate Fields meet agreements yet. He expects the Racing Affairs committee to meet with Messrs. Hammerle and Lakow in the next week or two. He pointed out that Santa Anita attempted to change some of our long-held rights. He has made Messrs. Brackpool and Ludt aware that we will not agree to those changes, and he will make sure Mr. Winner is brought up to speed on the situation as well.

Mr. Morris then reported on the graded stakes committee meeting he attended recently.

IX. Medication Committee

A. Update on Uniform Medication Guidelines

Mr. Morris noted that when he was in Baltimore for meetings, the Uniform Medication Guidelines was one of the hot topics, and we have made even more progress. Louisiana and Florida are now engaged in working through the process.

X. Legislative Committee

A. Legislative Update

Mr. Morris gave a brief legislative update. He added that Robyn Black notified us yesterday she is leaving Platinum Advisors. We will work with the CTBA going forward, and will most likely stay with Ms. Black. He added that a large group of legislators would be visiting Los Alamitos Sunday.

XI. Race Meet Reports

Mr. Scheidt gave brief reports on Los Alamitos to date, Del Mar Fall and Summer meets, and the Golden Gate Fields meet to date. Mr. Owens asked Mr. Scheidt to give Gloria Haley a call regarding purse cuts, pursuant to a conversation Mr. Owens had with her.

XII. Next Meeting

The next meeting will be Friday, January 9, 2014, 11:00 a.m. at Santa Anita.

It was also agreed to hold a board conference call next Friday regarding the significant player proposal and possibly the box seats.

XIII. Adjournment

Mr. Morris adjourned the meeting at 12:19 p.m.