

**THOROUGHBRED OWNERS OF CALIFORNIA
BOARD OF DIRECTORS MEETING
Thursday, January 19, 2017 - 11:00 a.m.
Santa Anita Racetrack**

MINUTES

Directors Attending: Allen Aldrich, Nick Alexander, Bob Baffert, Joe Ciaglia (by phone), Mark Dedomenico (by phone), Ron Ellis, Gary Fenton, Mike Harrington, Terry Lovingier, Ed Moger (by phone), Jack Owens (by phone), Mike Pegram (by phone), Samantha Siegel, Bill Strauss (by phone), and Kathy Walsh.

Staff Attending: Greg Avioli, Mary Forney, Liz Morey and Patricia Chinicci.

I. Call to Order

The meeting was called to order by Mr. Avioli at 11:00 a.m.

II. Approval of Minutes

On a motion by Mr. Aldrich, seconded by Mr. Harrington, the board unanimously approved the minutes of December 9, 2016.

III. TOC Board Election / Call for Nominees

Ms. Forney reviewed the list of board members up for re-election in 2017, and they are Mark Dedomenico, Gary Fenton, Mike Harrington, Terry Lovingier, Jack Owens and Bill Strauss. All six have agreed to run again.

IV. Proposed TOC 2017 Objectives

Mr. Avioli discussed the 2016 TOC Review, which was provided to the board in the packet, and noted that overall 2016 was a productive year during which the organization met 80% of its objectives. He added that while we were unable to pass I-gaming legislation due to internal Tribal disputes, we made strides in Sacramento in building relationships with legislative leaders, organized labor and leading tribes.

He then reviewed the 2017 objectives, which include addressing proposed CHRB medication policies, obtaining legislative assistance for racing in Sacramento while protecting our I-gaming exclusivity in current law, working to upgrade and increase wagering handle for the satellite wagering system, following up to make sure CHRB passes the ADW geolocation regulations, continuing to protect SB1072 purses, continuing to monitor the horse population and make sure we have sufficient stabling, and working with the racing secretaries to come up with solutions to increase field sizes and starts per stall.

V. 2017 North Stabling & Vanning Agreement - Taken out of order following Agenda Item VI.

Ms. Morey reviewed the Stabling & Vanning North Term Sheet provided in the packet. On a motion by Mr. Ellis, seconded by Ms. Walsh, the board voted unanimously to approve the proposed term sheet.

VI. Proposed CHRB Medication Rule to Expand Race Day Medication Testing to Morning Workouts (Rick Baedeker, CHRB)

Mr. Baedeker came into the meeting to explain the proposed CHRB Rule 1868. He noted the genesis for implementation of the rule was a significant increase in 2016 of catastrophic injuries statewide along with the input the CHRB had received from meetings with jockeys, vets, and other industry groups.

He explained the various actions the CHRB is taking to address the increased number of injuries at the tracks. Among other proposed rules is one adding more morning safety stewards and another requiring that any horse that has had a gap of 120 days or more between races must have a veterinary exam by the State vet before entering a race. He also reported that the CHRB met with the 22nd Ag District in Del Mar and proposed a regulation requiring a pristine track for 30 days prior to meet opening and 60 days prior to a Breeders' Cup event. The 22nd Ag District is expected to address this proposed rule at the CHRB February board meeting.

Mr. Baedeker urged the TOC to provide continued leadership on these issues. He then answered questions from the board. At the conclusion of the discussion, Mr. Avioli advised Mr. Baedeker that we would form a board task force to consider the proposed medication rule (and any other rules formally proposed by the CHRB) and have our response at the February CHRB meeting.

VII. CTBL Update

Mr. Avioli reported on the recent CTBL board meeting attended by himself and Mr. Alexander. He noted that the State regulations have been finalized, paving the way for a new workers' comp self-insurance company for Thoroughbreds known as PostTime Insurance. He also reviewed the 2017 budget for the workers' comp program and the increase in per start costs to owner from \$95 to \$100 to cover a portion of the increased expenses. Mr. Alexander added that the new board of directors for PostTime Insurance will be a board of all trainers, but he and Mr. Avioli are working with Mr. McKinzie of FinishLine Insurance to insure that the new PostTime board will have adequate owner representation and control in one form or another given that owners will provide the majority of the annual revenue through purse deductions and per start fees. Following further discussion, Mr. Harrington made a motion to ratify the actions of Mr. Avioli and Alexander in voting to approve the CTBL 2017 budget and to authorize TOC management to notify track management of the new \$100 fee. The motion was seconded by Mr. Lovingier and passed unanimously.

VIII. Committee Reports

A. Finance

Mr. Alexander introduced Patricia Chinnici, TOC's new financial consultant (CPA). He then informed the board that we didn't have the December month-end report due to the transition to Ms. Chinnici from Ms. Saavedra, who left TOC as of the first of the year. He added we expected to present 2nd Q financials and January month end numbers at the February TOC meeting.

B. Wagering

Mr. Avioli informed the board that geolocation agreements have been executed with the ADW companies TVG, XpressBet, TwinSpires and Watch & Wager.

He then provided a brief background on the ADW Hi-Volume Rebate Program, which staff is currently analyzing. Ms. Forney provided a recap of the number of players, wagering levels and rewards paid for the TVG and XpressBet programs.

Mr. Avioli reviewed the proposed IRS pari-mutuel regulation that is currently being advanced by the NTRA, a copy of which was included in the board packet. He noted that staff will coordinate with the NTRA to inform our membership about how they can communicate with their Congressmen for support of this regulation.

C. Medication

Mr. Avioli informed the board of a rule that is working its way through the CHRB relating to a track house rule on medication-based race conditions that for Thoroughbred tracks would require the approval by the TOC. Del Mar plans to implement a house rule for Breeders' Cup stating that no horse will be allowed to compete if they had been given steroids within 6 months of Breeders' Cup. It is being handled as a house rule due to the fact that there is not time for the rule to go through the traditional CHRB regulatory process before Breeders' Cup. Mr. Avioli noted that the RMTC national rule on steroids use also calls for a 6 month time-off period. He added that he expects this issue will be an item on the CHRB's February meeting agenda.

D. Owner Relations Committee

Ms. Forney reviewed the 2017 board meeting and annual meeting calendar, which was provided to the board. There were no objections to the proposed calendar.

E. Racing Affairs

Ms. Morey reviewed the meet-to-date revenue reports enclosed in the packet. Mr. Avioli added that staff has been re-working the reports to make them more understandable, and he requested board input on their format.

IX. Executive Session

The board adjourned to Executive Session. During Executive Session, the board unanimously voted to extend Mr. Avioli's employment and consulting agreements through December 31, 2018.

X. Next meeting

The next meeting will be Thursday, February 16, 2017 at Santa Anita.

XI. Adjournment

The meeting was adjourned by Mr. Alexander at 1:07 p.m.