

**THOROUGHBRED OWNERS OF CALIFORNIA
BOARD OF DIRECTORS MEETING
Thursday, September 21, 2017 – 11:00 a.m.**

By Teleconference

MINUTES

Directors Present: Allen Aldrich, Nick Alexander, Mark Dedomenico, Ron Ellis, Gary Fenton, Mike Harrington, Terry Lovingier, Ed Moger, Jack Owens, Samantha Siegel, and Kathy Walsh.

Directors Absent: Bob Baffert, Joe Ciaglia, Mike Pegram, and Bill Strauss.

Staff Present: Greg Avioli, Mary Forney, Elizabeth Morey, Joe Hasson, and Patricia Chinnici.

I. Approval of Minutes

On a motion by Ms. Siegel, seconded by Mr. Alexander, the minutes of August 11, 2017 were unanimously approved.

II. TOC Position on Horse Slaughter

Mr. Avioli reviewed a proposed position statement, which was developed in response to a request from the Breeders' Cup and Del Mar. Following discussion, a motion to approve the TOC Position on Horse Slaughter as presented by staff was made by Mr. Alexander, seconded by Ms. Walsh, and unanimously approved.

Mr. Avioli added that staff is in the process of revising the TOC Mission Statement at the request of the Executive Committee with a draft to be available for Board discussion at the October board meeting.

III. SCOTWINC – Review of all Sites

Mr. Avioli reviewed the Organizational and Operational Overview of SCOTWINC including each of the satellite facilities in Southern California, which was provided to the board. He noted the continued significance of satellite wagering despite year over year declines and recommended that board members review the detailed information at their convenience and contact staff with any questions.

IV. CHRB Board Meeting Agenda

Mr. Avioli reviewed the CHRB meeting agenda for next week. Among the medication items they will be considering is a proposed amendment to Rule 1588 to provide that a horse that receives an intra-articular injection (corticosteroid) is ineligible to race for seven days after treatment. TOC staff will be attending a meeting with CTT and veterinarians on Monday to discuss this proposal as well as another proposal by the CHRB that trainers keep records of all medications administered to their horses (which has traditionally been done only by the vets). Mr. Avioli noted that the TOC

Medication Committee's continued position regarding any new or revised CHRB medication regulation proposals is to condition our support for such regulations on the presentation of sufficient scientific evidence and economic analysis on the impact to owners.

V. Micro-Chipping Funding Proposal

Ms. Forney summarized a proposal from Santa Anita for the one-time start-up expense for the Southern California micro-chipping program in the amount of \$45,450 to be paid by the Stabling & Vanning Fund. A copy of that proposal was provided to the board. Mr. Avioli noted the cost savings to owners from addressing this issue through the S & V Fund instead of requiring all owners to pay independently. Mr. Hasson updated board on the process for checking horses in and out of the stables at present and how it will be improved in the future with the addition of this micro-chipping technology. The consensus of the Board was that the TOC should vote to approve this expenditure at the upcoming S & V Committee meeting.

VI. North Stabling & Vanning 2018 Preliminary Discussions

Mr. Avioli provided a historical review of the Northern California stabling and vanning situation in the context of 2018 planning discussions. For 2017, Golden Gate Fields agreed to accept the maximum amount generated from 2% of satellite wagering as compensation for auxiliary stabling at Golden Gate during fair racing. This is projected to amount to approximately \$13,000 per day. For 2018, however, the Stronach Group has notified Stabling & Vanning that they will not keep Golden Gate open for auxiliary stabling for the fairs under that same arrangement. Instead TSG will request their full audited rate of approximately \$17,000 a day. In response, CARF's president has indicated he recommends CARF does not use Golden Gate Fields for any auxiliary stabling in 2018 and instead will seek to utilize Sacramento and Pleasanton for stabling during the summer. Mr. Avioli noted that the fairs are projected to be overpaid nearly \$1 million at the conclusion of this year, and they have yet to come forward with a plan to address that overpayment. He added that any stabling agreement that would use purse funds for a 2018 arrangement will require the approval of the TOC. He will be meeting with CARF, the Stronach Group and CHRB representatives in the coming weeks to try and negotiate a mutually acceptable solution.

VII. Third Party Lasix Administration

Ms. Morey reviewed a draft of the proposed Third Party Lasix Administration agreement, which was provided to the board. She summarized the CHRB rule, which requires that horsemen and tracks have an agreement about how third party Lasix administration will be handled and also updated the board on her discussions with Mr. Morris about his hiring process for the required veterinarians. Mr. Alexander made a motion to approve TOC staff negotiating this agreement with Santa Anita. The motion was seconded by Ms. Walsh and unanimously approved.

VIII. Board Input on Annual Stakes Program

Mr. Avioli reviewed the stakes recap provided to the board, noting the increasing overpayments statewide and the continuing need to balance stakes and overnight purses with purse generation in an attempt to reduce the overpayments and “balance the budget.” Mr. Alexander stated that he had approved a subcommittee of the Board to review all stakes races on the calendar consisting of himself, Mr. Pegram and Ms. Siegel. Mr. Avioli asked board members to provide staff and/or any committee members with input on the stakes field size and purse data presented by Ms. Morey at the August meeting.

IX. Committee Reports

A. Legislation

Mr. Avioli provided a legislative report, informing the board that the bill containing the extension of the NTRA marketing deduction has passed, as well as legislation put forward by CARF providing a return to the fairs of franchise fees for use in capital improvement at the fairs. He then provided a brief update on the status of sports wagering legislation.

B. Finance Committee

Ms. Chinnici provided a report on the August financials as well as the current status of TOC’s investment funds. She informed the board that she has received a draft version of the audit and will have a final version by the next board meeting.

C. Owner Relations

i. Calracingcares.com Update

Mr. Avioli updated the board on the Calracingcares.com video and website, and Ms. Forney added a brief update on the planned media campaign.

D. Racing Affairs

i. Approval of Los Alamitos Fall Horsemen’s Agreement

Mr. Avioli updated the board on the commitment of Los Alamitos to run the Bayakoa Handicap in December 2017 to retain its graded status. Mr. Avioli noted that in discussions with Dr. Allred and Mr. Liebau in the past month, he and Mr. Alexander had made it clear that from TOC’s perspective Dr. Allred had committed personally to Mr. Pegram that any overpayment incurred by Los Alamitos in 2014 was to be absorbed by Los Alamitos.

Mr. Alexander added that as part of these negotiations the TOC agreed that if there are not at least six horses entered in the Bayakoa, Los Alamitos will not have to run it. Additionally, Los Alamitos was allowed to split the entry and starter fees so that there will be a \$1,500 non-refundable fee to enter and \$1,500 to start. Mr. Avioli

noted that the Executive Committee has approved that agreement, but asked that it be made part of the board approval of the Los Alamitos winter meet purse proposals.

Ms. Morey then reviewed the stakes schedule, including the placement of the Bayakoa, and the staff analysis presented to the Racing Affairs committee. She noted that Los Alamitos will be coming into the meet with an overpayment of about \$100,000. Their overnight proposals take that into account. On a motion by Ms. Walsh, seconded by Mr. Harrington, the board unanimously approved the Los Alamitos winter meet purse proposals as recommended by the Racing Affairs Committee.

ii. August Horse Counts

Ms. Morey updated the board on the August horse counts for Northern and Southern California.

Mr. Avioli reviewed the handle and revenue report for Los Alamitos through Sunday.

A brief discussion was held about the number of available stalls at Golden Gate Fields, and staff agreed to look into the matter and provide that information to the board.

X. Next Meeting

The next meeting will be Friday, October 20, 2017 at Golden Gate Fields, in conjunction with the TOC NorCal Annual Meeting on Saturday, October 21.