

**THOROUGHBRED OWNERS OF CALIFORNIA
BOARD OF DIRECTORS MEETING
Thursday, March 15, 2018 – 11:30 a.m.
Santa Anita**

MINUTES

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

Directors Absent: Ron Ellis, Bill Strauss, and Kathy Walsh.

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

I. Approval of Minutes

On a motion by Mr. Lovingier, seconded by Mr. Ciaglia, the minutes of February 15, 2018 were unanimously approved.

II. Del Mar Presentation / Purse Account Status and 2019 Ship & Win Proposal
Messrs. Rubinstein, Robbins and Jerkins of Del Mar joined the meeting to provide a recap of the 2017 meets. Messrs. Robbins and Jerkins then gave a report on the proposed stakes program and overnight levels for 2018. Mr. Robbins also updated the board on the status of stabling for horses from SLRD.

They then provided a review of the proposed Del Mar Ship & Win program for 2018. Del Mar is planning to increase the purse starter fee from \$1,500 to \$2,000. Mr. Avioli reviewed how the horsemen financial support for this program was funded from available dollars in CMC and, if those were fully utilized, then from Del Mar purse account funds. The consensus of the board was to support the increased starter fee proposed by Del Mar for the Ship and Win program.

Mr. Rubinstein then reviewed the status of the Del Mar purse account. At the end of 2016, the purse account had an overpayment of approximately \$2.3 million. At that time Del Mar and TOC agreed that Del Mar would not exercise its contractual right to recoup the overpayment over the next two successive meets. Instead, the 2017 purses would remain level with 2016 purse levels, with the understanding that should there be an underpayment, a reasonable portion of that would be applied towards the outstanding \$2.3 million overpayment. 2017 was a strong year and generated an underpayment of approximately \$400,000 over the combined Spring and Fall meets. Del Mar has applied \$200,000 of that towards the overpayment reducing the overpayment to \$2.1M. The remainder is being held as a reserve of “cushion” to support 2018 purses, which will remain at the same levels as 2017 purses.

III. NOTWINC / SCOTWINC Update

Mr. Avioli updated the board on recent issues with NOTWINC, including The Stronach Group’s decision to opt out of the network, effective June 12. NOTWINC will retain outside counsel to evaluate the impact of this withdrawal notice on the

organization going forward. The CHRB is evaluating the issue from a regulatory standpoint.

Mr. Avioli further updated the board on the status of current labor negotiations with NOTWINC, SCOTWINC, and local 280, which are for the first time being overseen by a four-person committee including Mr. Avioli and representatives from Del Mar, The Stronach Group, and Los Alamitos.

IV. Stabling & Vanning Update

A. NorCal Stabling Update

Ms. Morey reviewed her memo to the board, which was provided as a handout, analyzing the likely results to purses and commissions if CARF does not use Golden Gate Fields for stabling this summer. Following discussion, it was decided to table further discussion or action. Ms. Morey agreed to follow up further with Mr. Aldrich regarding his specific questions to her report.

B. SLRD Reopening Status

Mr. Avioli gave a brief update on the status of construction of the new barns at San Luis Rey Down, which are expected to be ready by April 15.

V. Final GPN Hub Agreement Approval

Mr. Avioli reviewed the terms of the final hub agreement with Game Play Network. On a motion by Mr. Ciaglia, seconded by Mr. Fenton, the board unanimously approved the hub agreement as presented.

VI. Election Report

Mr. Avioli reviewed a memo provided to the board outlining the current status of nominations for this year's board election.

VII. Committee Reports

A. Legislative Report

Mr. Avioli gave a legislative update including an update on a sports wagering bill in Sacramento and the expected US Supreme Court decision.

B. Finance Committee

Ms. Chinnici provided an update on the financials for February and year to date.

C. Wagering Committee

Mr. Avioli reported that the Executive Committee has approved an additional minor distribution from ADW revenue generated from on-track wagering at Santa Anita to be paid to the City of Arcadia as part of a voluntary agreement with TOC, TSG and the City of Arcadia to resolve the City's concerns regarding the loss of city taxes from reduced on-track wagering over the past two decades. Mr. Avioli reviewed the terms of the agreement and the legislation to amend the ADW law that the City of Arcadia had previously introduced in Sacramento.

Mr. Avioli then reviewed a new initiative Mr. Hasson is working on with CHRIMS and the CHRB to insure that all California residents wagering through ADWs in California are being properly identified and verified as California residents as opposed to being misidentified as non-California account holders.

D. Owner Relations

i. Draft Letter to CHRB re: Double Jockey Fees

Mr. Avioli reviewed a draft letter to the CHRB, which was provided to the board, regarding the Fipke case involving a double jockey fee payment. The Board approved sending the letter

ii. Listing of Owners in Race Day Programs

Mr. Fenton reviewed a proposal to have up to six ownership interests listed in the race day program and all ownership interests listed in digital formats. He noted that after discussions with Mr. Avioli he had been in communication with The Jockey Club and Santa Anita Graphics department to discuss increasing the current character limit for owner listings in the daily program to 250 characters..

E. Racing Affairs

Ms. Morey briefly reviewed the Northern and Southern California horse counts.

Mr. Avioli reviewed the Purse Account Calculations, which were provided to the board.

Mr. Moger presented a proposal, which was provided to the board, to allow owners to retain a date for entries as long as their horse's papers are in a racing office in California. He has had discussions with all of the California racing secretaries, and they had indicated their support for the change. On a motion by Mr. Moger, seconded by Mr. Ciaglia, the board unanimously approved TOC support for a California date system with no zero dates and with dates to carry over from one meet to the next. Ms. Morey will work with Mr. Moger to implement with the racing secretaries.

VIII. Adjournment

The meeting was adjourned at 1:21 p.m.