

**THOROUGHBRED OWNERS OF CALIFORNIA  
BOARD OF DIRECTORS MEETING  
Friday, June 13, 2014 – 11:00 a.m.  
Santa Anita**

**MINUTES**

**Directors Present:** Nick Alexander, Bob Baffert, Ron Ellis, Terry Lovingier, Billy Morey (by phone), Jack Owens (by phone), Mike Pegram, Bill Strauss, George Todaro (by phone), Kathy Walsh, and Mike Wellman.

**Directors Absent:** Mark Dedomenico, Mike Harrington, Ed Moger, and Pablo Suarez.

**Staff Present:** Joe Morris, Kellee Breen, Mary Forney, Randy Olson, and Richard Scheidt.

I. Call to Order

Mr. Morris called the meeting to order at 11:07. He introduced TOC's new intern for the summer, Randy Olson.

II. Approval of Minutes

On a motion by Mr. Alexander, seconded by Mr. Strauss, the minutes of the May 9, 2014 meeting were unanimously approved.

III. President's Report

A. Industry Update

Mr. Morris reported on a Stabling & Vanning Committee meeting last week at which that committee voted to extend stabling at Fairplex until November 5, 2014. The committee also voted to extend for one year the .5 % deduction from ADW for stabling and vanning, which sunsets in February 2015.

Mr. Morris also noted that under the current industry fund agreement, Santa Anita could opt not to build additional stalls at San Luis Rey Downs if the cost would be more than \$3 million; in that event, they could instead pay \$750,000 into the industry fund. There was a discussion by the Stabling & Vanning Committee regarding the November 2015 Del Mar Thoroughbred Club payment being allocated to Santa Anita to assist with that track's cost for required sewer hook-ups; if that were done, Santa Anita has indicated they would build the additional 300 stalls at San Luis Rey Downs. Following discussion, Mr. Baffert made a motion to allocate the November 2015 Del Mar industry fund payment to Santa Anita for sewer hook-up costs. The motion was seconded by Mr. Wellman and passed unanimously.

Mr. Morris noted that at the end of this year, as licenses are renewed for California ADW companies, we will be discussing dropping host fees from 5% to 4.5% and putting that .5 percent into the stabling fund. A brief discussion ensued.

Mr. Wellman requested that staff look into the premium room at the Hollywood Park Casino, where there is an additional entrance fee but no discount for owners.

- B. Horse Count  
Mr. Morris briefly reviewed the updated horse count chart, which was enclosed in the board packet.
  - C. Horse Recruitment  
Mr. Morris indicated there is broad industry support for using most of the California Marketing Committee (CMC) funds for a year round horse recruitment program.
  - D. Ad Hoc Security Committee Update  
The scheduled meeting of the committee was postponed; Mr. Morris will provide a report at a later date.
- IV. ADW/Simulcast Committee
- A. OTB Update  
Mr. Morris reviewed a proposal by Santa Anita and Golden Gate Fields to do a six-month simulcast wagering experiment in Australia, which was previously approved by this board. The experiment has not started yet; however, Santa Anita and Golden Gate would like to implement it with the addition of fixed-odds wagering in Australia, with a base host fee of 2.5% that would increase retroactive to 3% if the handle hit 20% of pari-mutuel handle. Fixed-odds wagering is a complement of the pari-mutuel system in Australia but gives the bettor a chance to lock in on the price. Following a discussion, Mr. Wellman made a motion to approve the modified experiment. The motion was seconded by Mr. Lovingier and passed unanimously.
  - B. On-track Wagers Update  
Mr. Morris updated the board on the progress of the on-track wager situation. At this point, CHRIMS has the back end in place and has come up with a plan to capture on-track wagers made over the phone. CHRB assistance may be needed. A meeting is scheduled with Ms. Thurman and Mr. Baedeker next week to pursue further.
  - C. Approval of GamePlay Network Side Agreement  
Mr. Morris reported that GamePlay Network (GPN) has requested an addendum to the hub agreement previously approved by TOC. In a side letter to the agreement, GPN requests additional TOC support for GPN launching its innovative new business, including game developer fees and customer development programs. They are requesting an additional contribution from TOC's share of gross handle from account wagers made by California residents with the game interface of 1% of the first \$100 million of gross handle, 1.5% of gross handle between \$100 million and \$200 million and 2% of gross handle over \$200 million wagered. At no time will GPN receive more than 50% of the purse amount. On a motion by Mr. Alexander, seconded by Mr. Strauss, the request was unanimously approved.
- V. Finance Committee
- Ms. Breen gave a brief financial update, noting a year-to-date surplus of \$346,300. Mr. Morris noted that the budget is completed, and this current board will approve the revenue assumptions with the new full board in July voting on expenses. Mr. Morris also noted that a review of revenue assumptions indicates that they are basically flat this year to next year. Mr. Alexander made a motion to approve budgeted revenue as presented by Ms. Breen. The motion was seconded by Mr. Owens and unanimously approved.

VI. Owner Relations Committee

Mr. Wellman reminded the board of the Open Forum at Pleasanton on Saturday, June 28<sup>th</sup>. Messrs. Alexander, Pegram, Owens and Morey indicated they would attend. Mr. Wellman also noted that TOC would hold a new owner seminar at Del Mar on Sunday, July 20<sup>th</sup>.

Mr. Wellman mentioned the lack of women candidates in this year's TOC board election and recommended that we do a better job of recruiting women to run for the board next year. He also suggested promoting "pink day" events at the tracks. A brief discussion ensued.

VII. Racing Affairs Committee

A. Santa Anita Spring Meet Purse Update

Mr. Scheidt reported that he received a preliminary reconciliation from Santa Anita, and he should have a final for the next board meeting. Mr. Pegram requested that a discussion be added to the agenda for the next meeting regarding general policy regarding carryovers and maintaining purse levels.

B. Golden Gate Fields Summer Meet Update

Mr. Scheidt reported that the Northern California Racing Affairs Committee approved purses and stakes for the Golden Gate Fields summer meet, and he added that the purse account is currently underpaid.

C. Del Mar Ship & Win Update

Mr. Scheidt spoke with Mr. Robbins yesterday and clarified some points regarding the Ship and Win program. Del Mar agreed to expand the qualifications for the program with regard to horses that have run in the previous three weeks at Santa Anita or Los Alamitos. A lengthy discussion ensued regarding those horses that may qualify for the Ship & Win bonus at Del Mar that are claimed at either Santa Anita or Los Alamitos. It was agreed that Messrs. Morris, Ellis and Wellman and Ms. Walsh would meet with Messrs. Hammerle, Robbins and Merino to settle this issue as soon as possible.

Mr. Scheidt reviewed a proposal from CARF requesting vaning subsidies for horses shipping from Golden Gate Fields and Pleasanton to Stockton, Sacramento and Fresno. Mr. Scheidt also reviewed the current and projected financial status of the Northern California Stabling and Vanning Fund. Following a lengthy discussion, Mr. Pegram made a motion to delay a decision until such time as the Stabling and Vanning Fund is no longer in the red and can maintain solvency. TOC would consider a comprehensive plan for all Northern Fairs at that time. The motion was seconded by Mr. Wellman and passed unanimously.

Mr. Wellman raised the issue of a recent Daily Racing Form article about Los Alamitos that noted purses are down 14-15 percent from the Hollywood Park fall meet. He had received several phone calls about it and was concerned that it may cause problems for Los Alamitos recruiting horses. A discussion ensued. Mr. Morris indicated the purses are at the levels previously discussed with Los Alamitos and that he would contact the Daily Racing Form regarding the possibility of getting more press coverage about the Los Alamitos meet.

VIII. Medication Committee

A. Third-party Lasix Administration

Mr. Morris provided a brief report on the status of the development of guidelines for third-party Lasix administration. He estimated completion of the project by the end of the year and will circulate the guidelines to the board when available.

Mr. Morris gave an update on new owner tracking as well as social media numbers.

IX. Race Meet Reports

Mr. Scheidt provided brief reports on the Santa Anita meet to date and Golden Gate Fields to date. Mr. Owens proposed an article for the TOC website about purse trends.

X. Executive Session

The board adjourned to Executive Session at 12:44 p.m.

XI. Next Meeting

The next meeting will be Friday, July 11, 2014 at 11:00 at Los Alamitos