

**THOROUGHBRED OWNERS OF CALIFORNIA
BOARD OF DIRECTORS MEETING
Thursday, April 13, 2017 – 11:00 a.m.
Santa Anita Racetrack**

MINUTES

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

Directors Absent: Bob Baffert.

Staff Present: Greg Avioli, Mary Forney, Liz Morey, and Patricia Chinnici (by phone).

- I. Introduction of Darrin Scharer of Winners Foundation.
Ms. Forney introduced Mr. Scharer, the new executive director for Winners' Foundation, who provided a brief summary of that organization's purpose.
- II. Approval of Minutes
On a motion by Mr. Fenton, seconded by Ms. Walsh, the board unanimously approved the minutes of March 16, 2017.
- III. 2017 1st Quarter Progress Report
Mr. Avioli reviewed a progress report, which was provided to the board, outlining TOC board and staff action items for the first quarter of 2017, noting that we remain on target to meet the majority of the organization's 2017 calendar year goals.
- IV. ADW Geolocation Update
Mr. Avioli updated the board on the current status of the ADW geolocation. All four of the California ADW providers are in compliance now with data being provided daily to CHRMS on all ADW wagering occurring within the track enclosures on live race days. Plans are to review the first three months' data with tracks and ADWs at the conclusion of the Santa Anita meet in July.
- V. Stabling & Vanning Update
Mr. Avioli reviewed the status report provided by Mr. Hasson and Ms. Morey on the work done so far and upcoming on the Stabling & Vanning improvements. Staff is confident that by the end of 2017 the TOC and tracks will have reliable data regarding each horse stabled in Southern California at tracks and at all approved auxiliary training facilities, along with corresponding data regarding number of starts per stall allocated to each trainer and number of works per start for each horse. This will allow us to perform a detailed cost benefit analysis for South Stabling and Vanning and identify potential solutions to increase entries and field size.

VI. Legislative Update

Mr. Avioli provided a legislative update. He informed the board that (i) next Monday jockey Mike Smith will be honored in the legislature with Senate and Assembly Resolutions as well as a reception and (ii) next Saturday we are hosting the leadership of SEIU at Santa Anita to discuss ways the organizations can work together on shared legislative initiatives.

VII. Committee Reports

A. Finance Committee

Mr. Strauss provided the financial update for the third quarter. He noted the Finance Committee is reviewing policies for investment and will have an update at next month's board meeting.

B. Wagering Committee Report

i. Recommendation on ADW Hi-Volume Rebate Program

Mr. Avioli reviewed the background on the updated ADW high volume rebate program. Ms. Forney reviewed proposed modifications to the Hi-Volume ADW program that the TOC developed in conjunction with TVG. Highlights include:

- The new program tightens the qualifications by requiring players to meet a rolling 12-month minimum wagering threshold of \$960,000 wagered for the trailing 12 months.
- The threshold for new players will be a minimum average of \$80k per month for each month in the program for the first 12 months.
- The new program creates two new rebate tiers for players wagering 1) between \$500,000 and \$1 million who will be eligible for the lower rebate levels, and 2) over \$2 million who will be eligible for higher rebate levels for wagers made on CA tracks. All rebate levels are set forth in the board packet materials.

Mr. Ciaglia made a motion to ratify the Wagering Committee's recommendation to approve the TVG proposal. The motion was seconded by Ms. Siegel and unanimously approved.

ii. Recommendation on DMTC Pari-Max Request

Mr. Avioli reviewed the information and background on the request from Del Mar to allow Pari-Max to use DMTC races as part of their historical racing platform at Portland Meadows. The host fee would be 3% of the takeout for the races used, split 50/50 between DMTC and TOC. The initial revenue projection is approximately \$3,000 for the Del Mar summer meet. He noted that Pari-Max is owned by Stronach Group, and was formerly known as *Instant Racing*. The Wagering Committee has recommended approval. On a motion by Mr. Fenton, seconded by Mr. Lovingier, the board unanimously approved the request.

- iii. Recommendation on Nevada Head-to-Head Wager Request
Mr. Avioli gave a brief update on the request from Santa Anita on behalf of the Nevada race books, who would like to offer head-to-head wagers as a way to attract their clientele to try wagering on horse racing. The Wagering Committee recommended approval on a trial basis. Following discussion, the board requested staff to provide additional research data and analysis on the wager, and the item was tabled until more information is available.
- iv. Update on Caliente and Turf TV
Mr. Avioli provided an update on the handle and revenue to for the Santa Anita and Golden Gate meets to date at the new 3% rate as compared to the previous flat fee daily rates. The revenue reports were provided to the board. Mr. Avioli also noted that Caliente has agreed to restart discussions with Monarch and TOC to provide ADW wagering in Mexico on CA content through their recently launched state-of-the-art internet betting platform throughout Mexico.

Mr. Avioli and Ms. Forney then reviewed a report, which was provided to the board members, detailing handle and revenue through February for Turf TV in the UK market. Through Turf TV, which currently offers fixed odds wagering, Monarch is hoping to build interest in the California Thoroughbred product to entice operators to offer commingled wagering in the UK, which they believe could happen in late 2017 or early 2018.

C. Owner Relations Committee

i. Rookie of the Year Award

Mr. Lovingier and Ms. Forney reported on the discussion and action by the Owner Relations Committee in reviewing nominations and selecting a winner for the 2016 Rookie of the Year Award. The committee unanimously chose father and son Brian and Clint Henderson. On a motion by Mr. Aldrich, seconded by Ms. Walsh, the board unanimously approved the committee's selection.

D. Medication Committee

i. Request from Breeders' Cup/DMTC re: House Rule on Steroids

Mr. Avioli reviewed a request from Del Mar for approval to write race conditions with specific medication-based eligibility requirements for the Breeders' Cup races – specifically prohibiting the use of steroids within 6 months of the Breeders' Cup at Del Mar. Mr. Avioli then read the text of the proposed letter to the CHRB from the TOC, which has been approved by Dr. Dedomenico and was enclosed in the board packet. On a motion by Ms. Walsh, seconded by Mr. Aldrich, the board unanimously approved Del Mar's request.

E. Racing Affairs

i. Discussion and Action on CARF Proposed Stakes and Overnights
Ms. Morey reviewed the CARF 2017 Meet purse proposal, which was provided to board, and noted that the Racing Affairs committee has recommended approval. Mr. Aldrich made a motion to approve the CARF proposal, which was seconded by Mr. Owens and passed unanimously.

ii. Santa Anita Stakes Recruitment Proposal

Mr. Morris joined as an invited guest and presented Santa Anita's request for TOC participation in a stakes recruitment program with a proposed budget of \$100,000 to be split 50/50 between TOC and Santa Anita, meaning total costs to purses would be \$50,000. For horses shipping in from out of state to run in stakes races, the program would offer \$3,000 for Grade 3 races, \$4,000 for Grade 2 races, \$5,000 for Grade 1 races, and \$2,000 for listed stakes.

Ms. Morey reviewed the statistics for the comparable program last year at Santa Anita and noted the funding for the 2016 recruitment was paid for by the California Marketing Committee (CMC). She explained that this year CMC funding has been reallocated towards on track high volume wagering for legal reasons, which is why TOC was requested to fund its share of the program costs directly from purses.. Mr. Ellis made a motion to approve Santa Anita's request, which was seconded by Mr. Alexander and passed unanimously.

Mr. Joe Morris then provided an update on upgrades to the InCompass system being used by the racing office and the training Santa Anita is conducting for its employees. He also updated on the status of the meet to date and projections going forward, and then he left the meeting.

iii. Santa Anita Request to Extend \$6,250 Claimers Through End of Meet

Mr. Morris presented a request for Santa Anita to extend the 4-month experiment that was approved by TOC in December to run four \$6,250 claiming races per month for an additional three months through the end of the meet. A review of the results from that experiment was provided to the board. Following discussion, Mr. Lovingier made a motion to approve the Santa Anita request, which was seconded by Ms. Walsh and passed unanimously.

iv. Horse Counts

Ms. Morey reviewed the March horse counts for northern and southern California, which were provided to the board.

VIII. Next Meeting

The next meeting will be Thursday, May 11, 2017 at Santa Anita.