

**THOROUGHBRED OWNERS OF CALIFORNIA
BOARD OF DIRECTORS MEETING
Thursday, June 15, 2017 – 11:00 a.m.
Santa Anita Racetrack**

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), Samantha Siegel, and Bill Strauss (by phone).

Directors Absent: Ron Ellis, Mike Pegram, and Kathy Walsh.

Staff Present: Greg Avioli, Mary Forney, Patricia Chinicci, and Elizabeth Morey.

- I. Approval of Minutes
On a motion by Mr. Fenton, seconded by Mr. Lovingier, the minutes of May 11, 2017 were unanimously approved.
- II. CTBL Update / Transition to New Self-Insurance Group
Mr. Avioli and Ms. Forney provided an update on the recent CTBL board meeting, at which the transition of the workers' comp insurance from FinishLine Insurance to PostTime Insurance, the new Thoroughbred self-insurance company, was formally approved. TOC staff is currently working with CTT, racetracks, and FinishLine representatives to facilitate the transfer of all trainers into the new program.
- III. Purse Account Overpayments
Mr. Avioli reviewed the statewide purse account overpayment, which currently stands at just over \$7 million. A breakdown of the various race meets and their respective overpayments was provided in the board packet. Following discussion, Mr. Avioli reviewed a sample chart showing pools and purse generation for a recent Saturday at Santa Anita (also provided in the board packet) illustrating the correlation between field size, handle, and purse generation.
- IV. Santa Anita Management Update
Mr. Avioli provided an update on Santa Anita management changes, noting that Mr. Ritvo was named CEO of The Stronach Group.
- V. CHRB Annual Budget
Mr. Avioli reviewed the sources of funding for the California Horse Racing Board's (CHRB) annual budget, which is derived 50% from purses. The CHRB budget increased from last year's total of \$13.469 million to \$13.799 million for 2017-18.

VI. Sentient Jet Sponsorship Proposal

Mr. Avioli reviewed the Sentient Jet proposal, a copy of which was provided to the board, to offer discounts to TOC members and a referral fee to the TOC when one of our members signs up to use their services. Mr. Alexander made a motion to approve the proposal, which was seconded by Mr. Moger and unanimously approved.

VII. Committee Reports

A. Finance Committee

Ms. Chinicci provided a financial update for May and for the year to date. While revenue for TOC statutory fees is down over 15% for the year, we have managed to stay within budget by raising additional non-handle based revenue and cutting non-essential expenses. She then reviewed the proposed budget for 2017-18 and noted it was preliminary in nature until we finalized the handle projections for the next 12 months with CHRIMS. The final 2017-18 budget will be on the agenda for approval at the July board meeting

Mr. Avioli reported that the Finance Committee continued to explore options for the investment of TOC reserves, which have been primarily invested in US Treasury Bills and would continue to meet with potential investment advisers in the coming month with the goal of presenting a proposal to the Board at its July meeting.. Mr. Strauss commended management on controlling expenses and raising non-traditional revenue to secure a positive operating return in a challenging year for pari-mutuel wagering.

B. Legislative

Mr. Avioli reviewed a proposed letter to US congressmen from several horsemen's group opposing the Horseracing Integrity Act of 2017. He noted that the signatory groups represent over 90% of all horsemen in America. Mr. Alexander made a motion to approve TOC's support of the letter, which was seconded by Mr. Baffert and unanimously approved.

Mr. Avioli reported that he will be in Sacramento Monday to meet with GO Committee Chair Adam Gray regarding sports wagering. It is possible that a sports wagering bill will be on the legislative agenda next year, and along with other industry stakeholders we are advocating for sports wagering at brick-and-mortar facilities only, which would also be supported by the California Tribes.

C. Racing Affairs

i. Field Size Discussion with Santa Anita

Ms. Morey reviewed the recent meeting with Santa Anita and trainers regarding ways to increase field sizes. A report of that meeting was provided to the board.

ii. \$6,250 Races at Santa Anita

Ms. Morey reviewed the latest data on \$6,250 races held at Santa Anita this meet. Mr. Avioli added that this was an experiment, generally the races did what they were intended to do, and we will continue to evaluate the data. We have made no commitment beyond this meet.

- iii. Discussion and Action on Los Alamitos Proposed Stakes / Overnights
Ms. Morey reviewed the proposed stakes and overnights for the upcoming Los Alamitos meet. TOC management successfully negotiated with Los Alamitos to keep the \$200,000 minimum purse for the Great Lady M Stakes to allow it the opportunity to retain its Grade 2 status.

Ms. Morey reported that the Racing Affairs Committee unanimously recommended approval of the Los Alamitos purse and overnight proposals, including approval for Los Alamitos to run \$6,250 claiming races. Mr. Lovingier made a motion to ratify the Committee's recommendation, which was seconded by Mr. Ciaglia and passed unanimously.

- iv. Race Meet Reports
Ms. Morey reviewed the most recent revenue reports for Santa Anita and Golden Gate Fields to date.

Mr. Avioli reviewed the information from Mr. Baedeker of the CHRB detailing numbers of horses claimed and voided claims, which was provided to the Board. The information from Mr. Baedeker was in response to a TOC request for any data the CHRB could provide to aid in discussions on field size and the relation to claims.

- v. Horse Counts
Ms. Morey reviewed the horse counts for Northern and Southern California.
- vi. Ms. Morey reviewed the race meet proposals from Santa Rosa, which after some negotiation have been approved by the Racing Affairs Committee. Mr. Owens requested that staff make sure owners are made aware of the stakes schedule for that meet.

VIII. CMC Report

Mr. Avioli reviewed the proposal from Conover Tuttle Pace (CTP), the agency contacted by the CMC to bid on taking the We Care program forward with a comprehensive public relations plan highlighting what owners and breeders do to care for Thoroughbred racehorses throughout their lives. The program will include creation of a separate website in California. The goal is to present positive material about how and why we care for our horses. He informed the board that the CMC has

decided to go forward with the CTP proposal even though the CMC funding legislation may sunset in 2018 as there are sufficient funds allocated within CMC budget to cover the costs of the program development this year. Mr. Avioli added that CTP would present the full plan to the TOC Board at an upcoming meeting.

IX. Conformation Clinic Recap

Ms. Forney provided a brief recap of the Conformation Clinic at Santa Anita on May 13, which had 44 participants and received very good reviews.

X. Executive Session

The board adjourned to Executive Session where compensation matters were addressed for the staff members.

XI. Next Meeting

The next meeting will be Thursday, July 13, 2017 at Los Alamitos.