

**THOROUGHBRED OWNERS OF CALIFORNIA
BOARD OF DIRECTORS MEETING
Thursday, July 15, 2017-11:00 a.m.
Los Alamitos Race Course**

MINUTES

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

Directors Absent: Ron Ellis, Mike Pegram, Ed Moger, Bob Baffert.

Staff Present: Greg Avioli, Patricia Chinnici, Joe Hasson, Elsa Peron, and Elizabeth Morey.

I. Approval of Minutes

On a motion by Mr. Aldrich, seconded by Mr. Alexander, the minutes of June 15, 2017 were unanimously approved.

II. Election Results

Mr. Avioli congratulated the six incumbents, Mark Dedomenico, Gary Fenton, Mike Harrington, Terry Lovingier, Jack Owens, and Bill Strauss on reelection.

III. Election of Officers/Committee Appointments

Mr. Lovingier moved to reappoint Mr. Alexander as Chairman. Mr. Strauss seconded and the motion passed unanimously. Mr. Alexander recommended that the board reappoint the 2016 directors and officers with the change of Secretary from Bill Strauss to Terry Lovingier. Mr. Lovingier seconded the motion, and it passed unanimously.

Executive Committee

Nick Alexander, Chair
Bill Strauss, Vice Chair, So. Calif. & Treasurer
Jack Owens, Vice Chair, No. Calif.
Terry Lovingier, Secretary
Ed Moger, Member at Large
Mike Harrington, Member at Large

Wagering Committee

Jack Owens, Chair
Gary Fenton
Bill Strauss
Samantha Siegel
Joe Ciaglia
Staff: Mary Forney

Racing Affairs Committee

Kathy Walsh, Chair

Bob Baffert

Ron Ellis

Mike Harrington

Terry Lovingier

Ed Moger

Bill Strauss

Staff: Elizabeth Morey

Northern Calif. Racing Affairs Subcommittee

Ed Moger, Chair

Jack Owens

Allen Aldrich

Marty Bach*invitee non board member

Keith Pronske *invitee non board member

Staff: Elizabeth Morey

Owner Relations/Industry Committee

Terry Lovingier, Chair

Allen Aldrich

Gary Fenton

Samantha Siegel

Kathy Walsh

Staff: Mary Forney

Medication & Integrity Committee

Mark Dedomenico, Chair

Ron Ellis

Mike Harrington

Ed Moger

Staff: Elizabeth Morey

Finance and Compensation Committee

Bill Strauss, Chair

Joe Ciaglia

Staff: Patricia Chinnici

Note: The Chair, CEO and President serve "ex-officio" on all committees.

IV. Ratification of 2016-17 Board Actions

Mr. Owens moved to ratify all of the actions of the board taken in 2016-17, which was seconded by Mr. Harrington and passed unanimously.

V. CMC "We Care" Campaign Updated (CTP Presentation)

Chip Tuttle from CTP gave an update on the progress on the We Care Campaign funded by CMC. The domain name calracingcares.com has been purchased for the new website.

Filming has begun at Santa Anita and in the surrounding area and will continue at Del Mar where TVG has volunteered talent and equipment. The Calracingcares.com site will be operational prior to Sept. 1. Funding has also been set aside for Search Engine optimization to drive internet traffic to the new website.

VI. Update on Stabling & Vanning Improvements

Ms. Morey and Mr. Hasson gave an update on the TOC's management of the Stabling & Vanning operations. Mr. Hasson has completed work on a database of all 2016 vanning trips that will be used to advise on any future changes to the vanning reimbursement system. Ms. Morey discussed new procedures for vanning vendors to submit for reimbursement that will reduce the workload on vanning vendors, stable office staff, and the paymasters; and Mr. Hasson described how this new paperwork will complement updated protocols within the stable office for checking horses in and out to reduce errors and overpayments. Mr. Hasson agreed to work further with Mr. Harrington to assist in getting trainer input on proposed changes to vanning procedures.

VII. ADW/ Geolocation Update

Mr. Hasson reported that TVG, Twinspires, XpressBet, and NYRA Bets are complying with TOC's request to improve the accuracy of geolocation for on-track ADW wagers. They are expanding the circumference of the geo-fences and have made technical fixes. Mr. Hasson will continue his testing during the Del Mar meet. Mr. Avioli reported that the CHRB will finally be moving forward with the regulation. He also reminded the board that our contractual on track ADW and rate agreements with the ADWs runs through 12/31/2018.

VIII. Watch and Wager Sponsorship of TOC Handicapping Contest

Mr. Avioli presented a proposal from Watch and Wager to sponsor TOC's two annual handicapping tournaments. The agreement provides for a \$15,000 sponsorship. Mr. Alexander moved to approve the sponsorship agreement, which was seconded by Mr. Aldrich and passed unanimously.

IX. Finance Committee Report

Ms. Chinnici gave a report on the budget and revenue projections for the 2017-18 fiscal year, which included a small operating budget surplus for FY 2017. She noted that the audit for FY 2016-17 would begin in the next 30 days. As regards 2018, Ms. Chinnici noted that the staff has worked with CHRIMS to develop purse revenue projections based on purse revenue analysis of historical wagering data overlaid on the California racing calendar for the remainder of 2017 and the expected calendar for the first six months of 2018. Mr. Strauss noted that the Finance Committee unanimously recommended approval of the budget as presented. Mr. Lovingier moved to approve the budget, Mr. Aldrich seconded, and the motion passed unanimously.

X. Approval of Investment Policy and hiring of Investment Advisor

Mr. Strauss gave an overview of the proposed TOC investment policy. This policy would allow the finance committee to invest TOC reserves consistent with the policy and subject to TOC full board approval. Mr. Owens noted that the investment policy should be amended to include that no investments be made in publicly traded track ownership or ADW companies. Mr. Owens moved to approve the proposed investment policy with Mr. Owens' changes, which was seconded by Ms. Siegel and passed unanimously. Mr. Strauss noted the Finance

Committee's unanimous recommendation to hire Ms. Mollie Brennan of Merrill Lynch as the TOC's investment advisor and reviewed the proposed investment portfolio she had recommended. Mr. Lovingier moved to approve the hiring and investments as recommended by the Finance Committee, and the motion was seconded by Mr. Harrington and passed unanimously.

XI. Update on Ellis Park Export Negotiations

Mr. Avioli gave the board an update on the negotiations between Monarch (the Stronach Group subsidiary that negotiates simulcast and ADW fees on behalf of California tracks and the TOC) and Ellis Park to increase the host fee paid by Ellis for California races exported to Kentucky residents to a rate comparable to the rates paid by tracks in the Mid-Atlantic region. Ellis Park had refused to pay the increased rate at the start of its meet in July. As a result of this negotiation impasse, California races have not been available for simulcast wagering in Kentucky while the Ellis meet is running. Mr. Avioli reported that the TOC Executive Committee had approved management's continuous support of Monarch in these negotiations. He added that Kentucky residents are still able to place wagers on California races through their ADW accounts.

XII. Racing Affairs Report

Ms. Morey gave a brief recap of the Santa Anita and Pleasanton meets. Santa Anita average daily revenue producing handle was up 4.1% for the meet. However, with migration of handle from instate to out of state races and the increase in Stabling & Vanning deductions from 1.25% to 2%, average daily purse revenue generation was down 1.2%, for the meet. The purse account overpayment to Santa Anita following the completion of the meet is now projected at approximately \$2 million. Regarding the North, Mr. Morey noted that Pleasanton showed positive on track numbers, but average field size was down .3 horses, and average purse revenue generated was down .56%.

XIII. Approval of Los Alamitos Stakes and Overnights

Ms. Morey gave an overview of the proposed LA County Fair at Los Alamitos Meet stakes and overnights. The proposed overnights are the same categories and levels as the 2016 LACF meet. The stakes schedule is the same except that the Los Alamitos Derby was moved to the July Los Alamitos meet. In order to bring all the stakes races back this year and balance the purse account, Los Alamitos requested that the TOC consent to a contract change that any overnight stakes (purse of \$75,000) must receive at least 6 entries or the track may cancel the race. Based on the recommendation of the Racing Affairs Committee, Mr. Alexander moved to accept the proposed change requested by Los Alamitos and approve the proposed overnights, stakes, and contract change, which was seconded by Mr. Harrington and passed unanimously.

XIV. Adjournment

Mr. Alexander moved to adjourn the meeting, which was seconded by Mr. Lovingier and passed unanimously.