

**THOROUGHBRED OWNERS OF CALIFORNIA
BOARD OF DIRECTORS MEETING
Friday, August 11, 2017 – 11:00 a.m.
Del Mar Thoroughbred Club**

MINUTES

Directors Present: Nick Alexander, Mark Dedomenico (by phone), Ron Ellis (by phone), Gary Fenton, Mike Harrington (by phone), Terry Lovingier, Ed Moger, Jack Owens, Mike Pegram, Samantha Siegel, and Bill Strauss (by phone).

Directors Absent: Allen Aldrich, Bob Baffert, Joe Ciaglia, and Kathy Walsh.

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

- I. Approval of Minutes
On a motion by Mr. Lovingier, seconded by Mr. Moger, the minutes of July 13, 2017 were unanimously approved.
- II. At the request of Mr. Alexander, trainer Peter Miller came into the meeting to speak briefly about his suggestions for improving field sizes at the current meet.
- III. CMC Update / New Video
The board viewed a rough cut of new Calracingcares.com video, which was very well received. CTP will be finishing the editing and finalizing the video for distribution within the next couple of weeks.
- IV. ADW / Geolocation Update
Mr. Avioli informed the board that he has been notified by the CHRB attorneys that they expect to be moving forward to public comment phase at their September or October meeting with the rule to implement geolocation at all the satellite facilities as well as the racetracks. Mr. Hasson then provided an update, including a chart provided to board members, on the results of on-track ADW wagering to date at the Del Mar meet. At the Santa Anita meet, on-track ADW wagering was measured at 1.8% of ADW handle. Currently at the Del Mar meet, they are tracking at approximately 3.6%. Mr. Avioli added that Mr. Hasson is developing an algorithm factoring in the on track ADW wagering percentages when all ADWs were fully compliant with the geolocation requirements to invoice the ADWs for the retroactive payments due going back to December 2016.
- V. Annual Meeting Information
Mr. Avioli reviewed the agenda for tomorrow's Southern California Annual Meeting at Del Mar. He also updated the board on efforts to find new sources of revenue for the organization, noting we have entered into a sponsorship agreement with Sentient Jet and will be having an event in the paddock to identify some members who might take advantage of the Sentient promotion.

VI. Review of Annual Stakes Program

Mr. Avioli informed the board that purses are currently overpaid in Southern California by approximately \$6 million. Of the \$135 million of total purses paid in California, approximately 30% are paid out in stakes. In that context staff has begun a detailed review of all stakes races in the past 3 years in terms of field size, handle generation and purse payment. Ms. Morey reviewed stakes data provided to board, and a discussion ensued. Mr. Avioli asked the board to review the data further and bring suggestions and questions to the September board meeting.

VII. Creation of Owner Rights Committee

Mr. Avioli informed the board of recent issues with photographers taking pictures of our horses on track, where they have rights only to editorial use but have been selling those photos. Mr. Fenton has offered legal assistance in dealing with the photographers and racetracks, and has recommended that TOC review and revise our contracts with the tracks in this regard. Mr. Alexander made a motion to create an Owners' Rights subcommittee of the Owner Relations committee to handle this and related matters, with Mr. Fenton to serve as chair of that subcommittee. The motion was seconded by Mr. Moger and carried unanimously.

VIII. Committee Reports

A. Finance Committee

Ms. Chinnici reported on the status of the audit, which will be completed within the next couple of weeks. She then gave a brief report on the July financials and the status of the board's investment policy. Based on the board's approval at the July board meeting, we are in the process of going forward with Merrill Lynch to invest the agreed upon portion of reserves.

B. Wagering Committee

i. Resolution of KY Simulcast Impasse

Mr. Avioli updated the board on the resolution of the Kentucky simulcast impasse, which has been settled by Monarch with Ellis Park. He added that this settlement will add about \$64,000 per year to purses; and Turfway Park has also indicated that they will accept the new rate. Mr. Owens noted that we use Monarch as a joint bargaining agent, and that organization has been a benefit in negotiating rates as well as dealing with pirating in other countries. He also proposed an annual audit of Monarch, as well as consideration of a board policy about public knowledge of the rates.

ii. Stronach Group Request for New Wagers w/Lower Takeout

Mr. Avioli reported that a request came from Mr. Ritvo; however, they have not yet provided any analysis as we requested. He explained that they are seeking approval for a Super High 5 with 14% takeout on every race. Mr. Owens reported that it was the Wagering Committee's

general feeling that the reduction in takeout would not be acceptable unless Santa Anita were able to provide analysis indicating a likely improvement in overall pure generation revenues.

iii. Preliminary Discussion of Fractional Wagering

Mr. Avioli reported that at its meeting this week the Wagering Committee briefly considered the possibility of introducing fractional wagering – a significant betting innovation that is the dominant form of wagering in Australia. He described how fractional wagering works and indicated that the U.S. tote companies are set up to implement it. The Wagering Committee will be considering the issue further and will have a more detailed presentation for the full board at its next meeting.

C. Medication Committee

i. 3rd Party Lasix Meetings

Ms. Morey reported on the recent meeting regarding procedures for the introduction of the program for administration of third party Lasix. A handout from that meeting was provided in the board packet. Following discussion about the contractual agreement with the track and the providing veterinarian(s), Mr. Owens recommended that TOC not be a direct party to such contractual agreements with the vets.

D. Racing Affairs

i. Race Meet Reports

Ms. Morey reported on Santa Anita's proposed stakes and overnights for their fall meet, as well as Del Mar's fall meet proposals. There was a Racing Affairs committee meeting yesterday, and their recommendation was to approve the Del Mar proposals but go back to Santa Anita for further discussion.

Del Mar's proposed stakes and overnights were provided to the board and reviewed by Ms. Morey. Following discussion, Ms. Siegel made a motion to ratify the Racing Affairs committee's unanimous recommendation to approve the Del Mar proposal. That motion was seconded by Mr. Alexander and passed unanimously.

The board then discussed the Santa Anita Fall meet proposals and questions were raised about the plan for reducing the estimated \$3 million overpayment. The board directed Ms. Morey to go back to Santa Anita for further discussion and to find a way to incorporate purse reductions that would help mitigate this problem while maintaining the necessary level of quality in the racing product.

Ms. Morey then reviewed the status of recommendations from Santa Anita that were previously provided to the board, to help promote larger field sizes. She also noted as an example that we are continuing

to work with the racing secretaries regarding an initiative that would allow owners to run in Northern California without losing Southern California conditions. Further discussion ensued.

Mr. Moger reviewed his suggestions, which were provided in a letter to the board, to address problems with the racing date rule. A discussion ensued about current and recommended dates rules in California, including the need to go to a digital system to streamline the process.

IX. Next Meeting

The next meeting will be Thursday, September 21, 2017 at Los Alamitos.

X. Adjournment

The meeting was adjourned at 1:04 p.m.