

**THOROUGHBRED OWNERS OF CALIFORNIA
BOARD OF DIRECTORS MEETING
Thursday, June 14, 2018 – 11:30 a.m.
Santa Anita**

MINUTES

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

Directors Absent: Bob Baffert, Joe Ciaglia, Ron Ellis, and Mike Harrington.

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

Others Present: Rick Gold.

I. Approval of Minutes

Mr. Avioli welcomed Mr. Gold, who was invited to participate in the meeting as an observer and will officially join the board July 1.

On a motion by Mr. Aldrich, seconded by Mr. Strauss, the minutes of May 17, 2018 were unanimously approved.

II. FY 2018 Review of Staff Accomplishments

Mr. Avioli briefly reviewed the Staff Accomplishments, which were provided to the board. He noted that the purse accounts for Santa Anita and Golden Gate are projected to be significantly underpaid this year with exact amounts to be provided in the next month. Mr. Alexander added that the TOC is in a much better position to understand our purse accounts on a weekly basis thanks to work by the TOC staff, and he congratulated the staff on their excellent work.

III. FY 2019 Objectives

Mr. Avioli reviewed that the list of TOC 2019 objectives, which was provided to the board.

IV. NOTWINC/Golden Gate Update

Mr. Avioli reported that he and Ms. Morey, and Messrs. Aldrich and Owens attended a meeting held by The Stronach Group at Golden Gate Fields this morning to discuss Golden Gate's application to run their upcoming summer race meet without participating in NOTWINC. Mr. Avioli stated that it was a contentious meeting with no concrete proposals by The Stronach Group that left most of the horsemen who attended confused. As a result, the TOC has scheduled a member meeting tomorrow morning at Golden Gate Fields to explain the issues to the horsemen. At that meeting

TOC will confirm its positions that 1) Golden Gate should remain open for the summer meet and for training during the summer, 2) NOTWINC must remain open to provide sufficient purse generation for the upcoming meet without the need for purse cuts, and 3) if The Stronach Group refuses to allow NOTWINC to operate, it must guarantee the same level of purses as were paid in the comparable 2017 meet.

V. SCOTWINC / Labor Update

Mr. Avioli updated the board on SCOTWINC labor negotiations, which now are in their second month and encompass the pari-mutuel clerks in both Northern and Southern California. He noted that the current labor contract expires on July 18, 2018, adding incentive for the parties to reach a new agreement before then. One of the main points of contention is the existing manning clause, which provides for guaranteed minimum staffing levels regardless of the actual staffing needs. Mr. Avioli reminded the board that TOC negotiated the right to approve any final labor contract in connection with TOC's agreement in January of this year to continue to fund shortfalls in SCOTWINC operations from purse revenues generated from ADW. He reported that the next labor meeting is scheduled for Monday, June 18. Discussion ensued.

VI. CHRB Agenda

Mr. Avioli called the board's attention to the agenda for next week's CHRB meeting. In particular, TOC will be concerned with the items related to Golden Gate Field's race meet application and the proposed new medication rules.

VII. NTRA Update

Mr. Avioli reported on the NTRA Board meeting he attended last week in New York. NTRA continues its good work in Washington, including this year's favorable tax regulations for pari-mutuel wagers. However, the organization has a serious challenge in terms of lack of long term funding. There will be a special NTRA meeting this summer to discuss a restructuring of the NTRA to address the funding issues. Mr. Avioli said that he is hopeful that as part of these discussions we can work to resolve the current deadlock between the Jockey Club led factions and the horsemen's associations over the proposed federal regulation bill that the Jockey Club has been sponsoring for many years.

VIII. Committee Reports

A. Legislative Report

Mr. Avioli reported that the TOC was an invited guest at a meeting of the California gaming tribes, cardrooms, and racetracks held by Assm. Adam Gray, chair of the Assembly Governmental Organization (G.O.) Committee and Sen. Bill Dodd, chair of the Senate G.O. Committee, on Tuesday, June 12. The purpose of the meeting was to determine if there was sufficient consensus within the industry to move forward immediately with a ballot initiative to legalize sports wagering in California. Because there was not that

consensus, the chairmen of both committees indicated they would proceed with a bill in the 2019 legislative session.

B. Finance Committee

Ms. Chinnici provided a FY-18 year-end projection, noting anticipated overall net income of about \$100,000. She also reported on the performance of the current investments over the past nine months, and noted that the financial committee had unanimously recommended the investments be moved to short term CDs for the coming year given projected volatility in the market. On a motion by Mr. Fenton, seconded by Mr. Lovingier, the board unanimously ratified the action of the finance committee.

C. Medication Committee

Ms. Morey reported on recent discussions regarding OOC testing, and the proposed 120-day layoff rule. A brief discussion followed, when the board reconfirmed its position that TOC cannot support the OOC testing rule absent modification of the owner-absolute insurer provisions.

D. Owner Relations

Mr. Avioli encouraged board members to attend the open forum next weekend at Pleasanton.

E. Racing Affairs

Ms. Morey gave a brief race meet report for Golden Gate Fields and Santa Anita to date. She noted that overnight purses were raised 10% in every category at Santa Anita, for the final six weeks of the meet.

Mr. Moger reiterated his support of the proposed new date preference system, which encompasses changes to the policy on the location of Jockey Club papers for a horse and the system of setting a preference date for entries. Ms. Morey noted that staff is working with racing secretaries to implement the system proposed by Mr. Moger.

IX. Presentation to Retiring Board Member Kathy Walsh

Mr. Alexander made a presentation to Ms. Walsh, who is retiring from the board this month, thanking her for her service.

X. Executive Session

The board adjourned to Executive session at 1:50 p.m.

XI. Adjournment

The meeting was adjourned at 2:00 p.m.