

**THOROUGHBRED OWNERS OF CALIFORNIA
BOARD OF DIRECTORS MEETING
Thursday, July 19, 2018 – 11:00 a.m.
Del Mar Racetrack**

MINUTES

Directors Attending: Allen Aldrich, Nick Alexander, Bob Baffert (by phone), Joe Ciaglia, Mark Dedomenico (by phone), Gary Fenton, Rick Gold, Mike Harrington, Terry Lovingier, Ed Moger, Jack Owens (by phone), Samantha Siegel, and Bill Strauss.

Directors Absent: Ron Ellis, and Mike Pegram.

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

- I. Approval of Minutes
On a motion by Mr. Strauss, seconded by Mr. Fenton, the minutes of June 14, 2018 were unanimously approved.
- II. Approval of 2018/19 Officers and Committees
On a motion by Mr. Moger, seconded by Mr. Strauss, the board unanimously re-elected Mr. Alexander chairman. On a motion by Mr. Moger, seconded by Mr. Strauss, the board unanimously approved the Executive Committee/Officers as presented. On a motion by Mr. Lovingier, seconded by Ms. Siegel, the board unanimously approved the TOC committees chairs and members proposed by Mr. Alexander, as presented.
- III. SCOTWINC / NOTWINC / Labor Update
Mr. Avioli recapped the terms of the new labor agreement reached in principle this week among SCOTWINC, NOTWINC, Los Alamitos, Del Mar, the Fairs, and Local 280 for a term extending through the Del Mar 2019 summer meet. Key provisions include a reduction in labor staffing of 10% at all facilities other than the Del Mar summer meet, and a 3% raise for union members. The Stronach Group continues to negotiate separately with Local 280 for the pari-mutuel workers at Santa Anita and Golden Gate, and those negotiations are beyond the scope of the new labor agreement. Mr. Avioli noted that the TOC has retained the authority to approve any final labor deal in connection with its voluntary funding of SCOTWINC funding shortfalls in January 2018. On a motion by Mr. Fenton, seconded by Mr. Ciaglia, the board ratified the actions of Messrs. Avioli and Alexander in approving the terms of the new labor agreement on behalf of the TOC.

IV. Stabling & Vanning / Los Alamitos

Mr. Avioli reported that Los Alamitos had passed a ballot initiative earlier this summer that allows for a mixed use development on a large site including the current racetrack and training facilities. While we do not believe development will begin in the near future, the passage of the ballot initiative highlights that the property will likely not remain a track and training facility in the long term.

California Auction / Fasig Tipton

Mr. Lovingier updated the board on CTBA's negotiations to bring a Fasig-Tipton run horse sale to Santa Anita beginning in 2019. Discussion followed on the status of Santa Anita's plans to build 800-plus new stalls in the north parking lot. Mr. Avioli noted it was his understanding final approval had not been received from the city of Arcadia. He added that the South Stabling & Vanning Committee would be meeting in the next month to discuss contingencies if the proposed new stalls are not constructed at Santa Anita prior to 12/31/19, when the current contractual agreement for stabling at Los Alamitos terminates.

V. SLRD Insurance Update

Mr. Avioli updated the board on the status of the \$300,000 settlement TOC received from the insurance company. He noted that the Executive Committee had unanimously approved a policy under which 100% of the settlement received by TOC would be divided equally among the owners of horses that perished in the fire which were uninsured and of racing age. Ms. Forney reported that a letter and claim form were sent last month to the owners of the deceased horses, but we have received minimal response to date. Mr. Alexander suggested that we send out a reminder letter with a deadline to submit. The board unanimously ratified the policy approved the Executive Committee and requested that staff keep the board apprised of any developments.

VI. Committee Reports

A. Legislative Report

i. Sports Wagering

Mr. Avioli reported discussions continue with legislative leaders for 2019 sports betting legislation limited to brick and mortar locations. He noted that, if passed, this legislation would be a blueprint for a 2020 ballot initiative. He added that there is increasing discussion on legislation to regulate fantasy sports wagering. This is noteworthy because TVG recently purchased FanDuel. He then reviewed a report from McKinsey, which was provided to the board, regarding the economics of sports wagering as it relates to racing.

B. Finance Committee

Ms. Chinnici reviewed the FY 2018 year-end financials, which were provided to the board. She noted that we currently project a surplus of approximately

\$130,000, with the final audit to begin in the coming months. She then reviewed the FY 2019 proposed budget, that was unanimously recommended by the Finance Committee. On a motion by Mr. Fenton, seconded by Ms. Siegel, the budget was unanimously approved.

Mr. Strauss reported that the Finance Committee had unanimously approved liquidating the current investments in Merrill Lynch managed bonds and equities to purchase short term CD's given the recent rise in interest rates and concerns over market volatility. Mr. Lovingier made a motion to ratify the action of the Finance Committee, which was seconded by Mr. Fenton and unanimously approved.

C. Medication Committee

Ms. Morey reviewed the CHRB's proposed Out of Competition testing rule. Discussion was held regarding the provision naming the owner as absolute insurer. Mr. Avioli noted that the TOC notified the CHRB we could not support this regulation absent a change of that provision, and a meeting was scheduled with the CHRB Medication Committee chair Madeline Auerbach to discuss more acceptable language.

Ms. Morey reviewed CHRB's proposed medical records rule, which would require a horse's medical history to be provided to the new owner following a claim, which has been sent back to committee. She noted the CTT strongly opposes this regulation, and it will also be on the agenda for the upcoming CHRB Medication Committee meeting.

D. Owner Relations

i. New Owner Seminar Sunday 7/22

Ms. Forney reviewed the details of the upcoming New Owner Seminar to be held this Sunday morning at Del Mar.

ii. Proposed Photographer Agreement

Mr. Fenton updated the board on proposed changes to the tracks' media license to protect owners' rights, a copy of which was provided to the board. He noted we are in discussions with racetrack management a photographers to develop mutually acceptable language.

E. Racing Affairs

i. Purse Account Status

Ms. Morey reviewed the purse account status. At the conclusion of strong meets at Santa Anita and Golden Gate, we currently project an underpayment of approximately \$2.5 million for Santa Anita going into their Fall meet, and \$800,000 for Golden Gate, and she is working

with the Stronach Group accounting department to finalize these numbers.

Mr. Fenton, as chair of the Racing Affairs Committee, reported that the committee would begin discussions with the Santa Anita racing secretary on adjustments to the upcoming fall and winter-spring meets to pay out the underpayment. Mr. Alexander suggested we analyze the impact on the purse account if Santa Anita extended the 10% purse increase instituted at the end of the Santa Anita's winter-spring meet into their fall meet. He also recommended that Racing Affairs review the multi-year history of stakes purses to determine what, if any, purse adjustments should be made to stakes races. Mr. Moger, as chair of the Northern CA Racing Affairs committee, suggested a similar review for the North.

ii. Race Meet Reports

Ms. Morey reviewed the race meet reports for Los Alamitos and Pleasanton, which were provided to the board.

iii. June Horse Counts

Ms. Morey reviewed the June horse counts for Southern and Northern California. Mr. Hasson updated the board on the issues previously identified at Los Alamitos with regard to the accuracy of their horse counts. He added that Los Alamitos and Santa Anita are cooperating with implementation of the new system. He also updated the board on the status of the vanning RFP.

VII. Adjournment

The meeting adjourned at 12:25 p.m.