

**THOROUGHBRED OWNERS OF CALIFORNIA  
BOARD OF DIRECTORS MEETING  
Friday, August 10, 2018 - 11:00 a.m.  
Del Mar Racetrack**

**MINUTES**

Directors Present: Allen Aldrich (by phone), Nick Alexander, Joe Ciaglia, Mark Dedomenico (by phone), Ron Ellis, Gary Fenton, Rick Gold, Terry Lovingier, Ed Moger, Samantha Siegel (by phone), and Bill Strauss.

Directors Absent: Bob Baffert, Mike Harrington, Jack Owens, and Mike Pegram.

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

I. Approval of Minutes

On a motion by Mr. Ciaglia, seconded by Mr. Moger, the minutes of July 19, 2018 were unanimously approved.

II. NOTWINC/Golden Gate Update

Mr. Avioli reported that negotiations on the restructured contractual relationships for the satellite network in the north had been completed between TOC, CARF, Santa Rosa and Golden Gate and had been approved by CHRB. The new structure allows all satellites to remain open beginning with Golden Gate's September meet and is projected to deliver up to \$250,000 savings to the Golden Gate purse account through 12-31-19.

III. SCOTWINC/NCOTWINC Labor Update

Mr. Avioli updated the board on the SCOTWINC / NCOTWINC labor negotiations. It appears the satellite networks, Del Mar and Los Alamitos are now heading for a grievance proceeding filed by Local 280 based on their alleged misunderstanding regarding the applicability of agreed upon staffing cuts to tellers and clerks. Local 280 claims they understood the recently negotiated reductions didn't apply to clerks. Mr. Avioli also reported on ongoing negotiations between the Stronach Group and Local 280 for new contracts at Golden Gate and Santa Anita and the potential for a labor dispute at each of those tracks in the fall.

IV. South Stabling & Vanning

A. Planning Post 12/31/19

Mr. Avioli reviewed an internal document from Santa Anita, which was provided to the board, regarding the construction of new barns. According to that memo, the new barns are not projected to be completed until the 2<sup>nd</sup> quarter of 2020, after the current stabling agreement with Los Alamitos expires on 12-31-19. Santa Anita will be providing an update on the status of the barns at the upcoming CHRB board meeting. Mr. Avioli further updated the board on the current finances of South Stabling and Vanning fund and reviewed the agenda for the upcoming Stabling & Vanning meeting.

B. Status of Consolidated Vanning Proposal

Mr. Avioli reviewed a memo from Joe Hasson, which provided an update on the status of the consolidated vanning RFP. The Stabling & Vanning subcommittee intends to select a vendor at its meeting on Aug. 22, with the program to begin at the Los Alamitos winter meet.

V. SLRD Insurance Update

Mr. Avioli and Ms. Forney updated the board on the status of the insurance settlement for the horses that perished in the San Luis Rey fire. To date, claims have been received for 27 of the 37 horses. Staff continues to work with owners of all eligible deceased horses to obtain necessary paperwork.

VI. Committee Reports

A. Legislative Report

Mr. Avioli introduced Mr. Justin Fanslau as a candidate to be TOC legislative consultant in Sacramento. Mr. Fanslau provided a brief recap of his firm and background along with his expertise in racing and gaming matters and his relationships with key legislators and staff in Sacramento. He indicated that he expects sports wagering legislation will be offered in the 2020 legislative session. After Mr. Fanslau left the meeting, Mr. Avioli recommended the Board retain Mr. Fanslau at a retainer of \$5,000 a month and the Board unanimously approved the engagement.

Mr. Avioli then updated the board on the recent political fundraiser at which TOC contributed \$10,000 from the non-parimutuel account in support of Assemblyman Adam Gray and noted this contribution was matched by Del Mar, CTBA and Stronach Group for a total of \$50,000 of industry contributions.

B. Finance Committee

Ms. Chinnici reviewed the updated FY 2018 year-end numbers as well as the revenues and expenses for the month of July 2018. She noted the FY 2018 audit was expected to be completed in the coming months.

Ms. Chinnici reviewed a memo provided to the Board outlining the status of TOC investments. She noted that consistent with Board action at the July meeting, TOC has liquidated the debt and equity holdings previously held at Merrill Lynch and invested the funds in 6- and 12-month CDs in amounts no larger than \$250,000 in order to keep them fully FDIC insured. Additionally, the \$300,000 insurance settlement that the TOC received for the SLR fire was invested in a 90-day CD with the expectation that these funds will be disbursed to owners in Q4 2018.

C. Medication Committee

Ms. Morey reported on last month's CHRB Medication Committee meeting including the satisfactory resolution of TOCs core concerns regarding the "owner absolute insurer" language in the proposed Out of Competition (OOC)

regulation. She reviewed the new language that had been negotiated with the CHRB by herself, Mr. Avioli and Mr. Alexander and approved by the Executive Committee.

She reported that TOC staff continues to monitor the proposed 120-day layoff rule. That rule has been sent back to the CHRB Medication Committee, with the TOC initiated request that the requirement for a vet check following 120 day layoff would not be “mandatory” but instead would be “authorized”-- the effect of which would be to avoid precluding a horse from running if the state vet did not have the time or resources to inspect the horse. Ms. Morey also noted that the proposed rule establishing a 5-day stand down time following joint injections is also out for 45 day comment period and will be voted on by CHRB shortly.

Mr. Moger asked that the Medication committee do an analysis of the timing of Lasix administration, which he believes should be closer to the race. Mr. Ellis brought up the availability of information on the history of a horse on the vet’s list, and Ms. Morey reviewed research staff has been doing to track that information through the InCompass system.

D. Owner Relations/Annual Meeting

Ms. Forney reviewed the agenda for tomorrow’s southern California annual membership meeting.

E. Racing Affairs (taken out of order immediately following approval of the minutes to accommodate Mr. Rubinstein’s schedule)

Mr. Rubinstein joined the meeting to give an update on the Del Mar meet to date. He reported handle was up approximately 10%, with live handle up 13% and wagering out of state up 17%. He then previewed the DMTC fall meet and his current expectation for stronger purse levels at that meet.

In response to questions regarding the future stabling needs in Southern California, he indicated that for the summer meet, Del Mar would need access to approximately 1200 to 1300 offsite stalls in addition to the 1900 stalls at Del Mar. For the fall meet he added that the majority of horses ship in from Santa Anita.

Mr. Avioli reviewed the status of the current overpayment at Del Mar, which DMTC has been carrying for over 24 months, amounting to approximately \$2 million. He noted that while DMTC has written off the debt for accounting purposes, they still have the legal right to collect on the funds. Mr. Rubinstein explained that DMTC’s intent was to maintain purses at current or higher levels because maintaining high purse levels was a top priority of DMTC. In the event there is a significant purse underpayment position for the 2018 summer and fall meets, DMTC reserves the right to recoup a portion of the underpayment to be applied towards the outstanding overpayment, however, they would expect the majority of any underpayment to be carried forward to 2019 as a “cushion” to the 2019 purse account.

Mr. Avioli noted that this was consistent with the agreement reached with DMTC following last year's Breeders' Cup when DMTC consulted with TOC on the numbers and their objectives prior to making any final decision. Mr. Avioli added that the 2018 Del Mar meet was up 6.5% from 2017, noting that they ended with an underpayment of approximately \$1.5 million, of which they plan to use a portion for purse increases during the Fall meet, a portion to pay off some of the outstanding overpayment, and the majority to go to next year's summer meet. Mr. Alexander thanked DMTC for their productive approach in addressing this issue.

Mr. Rubinstein then left the meeting.

Mr. Avioli then updated the board on the current purse account status for all California tracks and noted the marked improvement overall since 2016. Ms. Morey provided more detail on the projected overpayment at the Northern fairs.

Mr. Avioli reviewed proposed race dates calendars from CARF and Golden Gate, which were provided to the board, noting that TOC will be asked for our position at the upcoming CHRB Race Dates Committee meeting. He reviewed a proposal from the Stronach Group to run three weeks concurrently at Santa Rosa and Golden Gate Fields, 5 alternating races each. Following discussion, a motion was made by Mr. Moger that the TOC stance at the CHRB meetings should be to refrain from offering a proposal while we learn more about the details and logistics and complete further study on the stabling situation. The motion was seconded by Mr. Aldrich and passed unanimously.

Ms. Morey provided brief reports on the fair race meets to date as well as the July horse counts.

VII. Fire/Emergency Protocols

Mr. Avioli updated the board on work by TOC staff to develop emergency plans for all tracks and training centers. It was recommended we pass along to the tracks and training centers our concerns about lack of sprinklers at facilities.

VIII. Adjournment

The meeting was adjourned at 12:36 p.m.