

**THOROUGHBRED OWNERS OF CALIFORNIA
BOARD OF DIRECTORS MEETING
Friday, October 19, 2018 – 1:00 p.m.
Doubletree Berkeley Marina**

MINUTES

Board Members Present: Allen Aldrich, Nick Alexander, Bob Baffert (by phone), Mark Dedomenico (by phone), Gary Fenton, Rick Gold, Mike Harrington (by phone), Terry Lovingier (by phone), Ed Moger (by phone), and Samantha Siegel (by phone).

Board Members Absent: Joe Ciaglia, Ron Ellis, Jack Owens, Mike Pegram, and Bill Strauss.

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

I. Approval of Minutes

On a motion by Mr. Alexander, seconded by Mr. Aldrich, the board unanimously approved the September 20, 2018 minutes with one change reflecting that Mr. Ellis was initially on the board meeting call but was not present for the vote on the minimum starts per stall and that if had he been present he would have voted in opposition.

II. TVG Presentation - Taken out of order before Item I. Approval of Minutes.

Mr. Avioli introduced meeting guests Kip Levin and John Hindman of TVG who were at the meeting to provide an update on Fan Duel/TVG operations, its sports wagering business in NJ, and sports betting objectives in California. Following the presentation, there was a brief question and answer session regarding ballot initiatives in California in 2020, possible alliances for California horseracing, and problem gaming initiatives for sports bettors.

Mr. Avioli noted that current ADW hub agreements in California with TVG, Xpressbet and Twin Spires all run through 2019, and Del Mar, Stronach Group and TOC had agreed to target having new agreements in place by September 2019.

III. TOC Board Open Seat

Mr. Avioli noted that Mr. Ellis had resigned from the Board to allow more time to focus on other business activities. Mr. Alexander thanked him for his 9 years of service to the Board. Mr. Alexander noted that per the TOC Bylaws, the TOC Board may appoint a Director to fill any vacancy with Director appointed then required to stand for election in the next TOC election. Mr. Fenton suggested owner Bob Liewald whose biography was presented to the Board. Mr. Alexander requested that Board members send him any other suggested candidates with the expectation the Board would vote to fill the seat at its November meeting.

IV. NOTWINC / GGF Winter Simulcast Update

Mr. Avioli reviewed the Golden Gate application for the upcoming Winter/Spring meet. He noted that Golden Gate had indicated in their application they would not import any out of state signals other than Hong Kong. Mr. Avioli said this move was designed to have a negative financial impact on the Northern satellites who may only offer simulcast wagers on races that Golden Gate imports when they are running live. He added that this appeared to be connected to the Stronach Group's ongoing lawsuit with the CHRB where they are contesting the CHRB's rule requiring them to operate a simulcast network when they are running live. Mr. Avioli shared that in 2018 wagering during Golden Gate's Winter meet on imported out of state races generated \$3 million of total purses for the meet. As a result of that TOC had notified Golden Gate we would not be in a position to sign the horsemen agreement until the imported races were restored or a satisfactory purse guarantee was agreed to. CHRB has indicated they will not hear the Golden Gate race meet application for another month.

V. South Stabling & Vanning

A. SA Stall Policy – Winter Spring Meet

Mr. Baffert spoke about the board's approval in principal at its last meeting to Santa Anita's proposed requirement of two starts per stall for all stalls at Santa Anita and auxiliary stables for the upcoming Winter/Spring meet with a \$10 per day penalty for failure to comply. Mr. Baffert noted that he was not present at its last meeting. He felt that \$10 per stall was punitive for trainers. He would prefer to see one start per stall at Santa Anita only as the minimum requirement, as a recommendation for meeting Santa Anita half way. Mr. Avioli added that the CTT voiced strong concerns about a program for Santa Anita only that did not include auxiliary stabling. Concerns were also voiced about how any policy would impact two year olds which were critical to long term health of California racing. Mr. Alexander requested we table the issue for a conference call of the racing committee at a later date and that Mr. Avioli inform Santa Anita that we will have no final position on its proposal until after that meeting.

B. Emergency Response Plan / SLR Fire Sprinklers Update

Mr. Avioli reviewed the emergency response plan prepared by Mr. Hasson, which was provided to the board. It is up for approval at the Stabling & Vanning Committee meeting next week. He noted that the plan includes installation of fire sprinklers at SLR as requested by Dr. Dedomenico at the August TOC meeting.

C. Draft Agreement with KC Transport for Consolidated Vanning

Mr. Avioli reviewed the draft contract with KC Transport for Consolidated Vanning in the South that was provided to the board. He noted the one change in the agreement since the past review by the Board was a minimum guarantee of \$480,000 for the first year of the vanning. He explained this was reasonable as total cost this year will exceed \$900,000 and next years reduced costs are estimated at \$600,000.

D. Potential Impact of TSG Lawsuit on New SA Stalls

Mr. Avioli provided a brief update.

E. Discussions with Los Alamitos Re: Stabling/Dates Post 12/31/19

Mr. Avioli had a call with Jack Liebau yesterday. Los Alamitos would like the same racing dates and auxiliary stabling terms in 2020 as in 2019. Mr. Alexander noted that it had long been the position that it is in our best interests to have Los Al as part of the circuit in So Cal. It was agreed the conversation should continue after the board had more information on Santa Anita's plans for the new 850 stalls.

F. Galway Update

Mr. Avioli noted that Stabling & Vanning Committee has been working since January to determine if there is a viable long term stabling and training alternative at Galway Downs. Analysis has been done by land use experts, and Stabling & Vanning will receive a presentation on Wednesday at Del Mar.

VI. Finance Committee

A. September Financials

Ms. Chinnici provided a report on the September 30 financials and noted TOC remained on target to meet or exceed FY 2019 budget.

VII. Medication Committee

A. Letter from Dr. Dedomenico re: Stem Cell Research

Dr. Dedomenico explained a study he has been working on with Dr. McIlwraith for stem cell therapy for bowed tendons. He noted they are seeking additional horses for participation in the program and that Pegasus would cover the cost of the stem cell treatment with horse owners only responsible for boarding costs. Staff agreed to develop a letter from Dr. Dedomenico for Mr. Alexander to review.

B. Kentucky Rules Update

Mr. Avioli reviewed information provided to the board on a recent court decision on Kentucky's absolute insurer rule and the ability of trainers to rebut positive tests going forward in rulings.

C. CHRB Medication Committee Meeting Agenda

Ms. Morey reviewed the CHRB Medication Committee agenda, calling attention to Item 3 which addresses the 120-day rule, which has been extended to 6 months. She also explained Item 5 regarding the potential application of PET scans for horses.

Mr. Avioli added that Alan Foreman, founder of the THAm will present to the TOC Board at our November meeting regarding a proposal for a national racing compact to improve uniformity in medication rules and enforcement.

VIII. Legislation

A. Sports Wagering Update

Mr. Avioli updated the Board on recent meetings in Sacramento with Assembly GO Chairman Adam Gray.

B. Appointment of TOC Board Sports Wagering Subcommittee

Mr. Alexander suggested the Board form a Sports Wagering Subcommittee starting with Mr. Gold, Mr. Fenton, and Ms. Siegel. He asked that anyone else interested in joining let him know.

IX. Racing Affairs

Ms. Morey reviewed the proposed Santa Anita winter spring stakes schedule and explained the recommendation of the Racing Committee supporting the schedule. On motion by Mr. Fenton, seconded by Mr. Moger, the Board unanimously approved the schedule.

X. Wagering Committee

A. Monarch/Breeders' Cup Reduced ADW Rates

Mr. Avioli reviewed a Monarch letter outlining reduced Breeders' Cup day ADW rates for TVG, Xpressbet and NYRA Bets. On a motion by Mr. Fenton, seconded by Mr. Gold, the Board unanimously ratified the letter.

B. ADW Residency Regulations

Mr. Avioli updated the board on staff's work with CHRB on a new regulation requiring them to adopt regulation geo-locating people.

C. ADW On-Track Geolocation Report

Mr. Hasson provided a brief update on on-track geolocation revenue to date.

D. TOC Funded High Volume Wagering Incentives

Mr. Avioli summarized information provided to board on staff work to examine TOC's participation in the ADW high volume rebate programs. He indicated staff would have a presentation by the end of the year.

XI. Race Meet Reports

A. Purse Account Status/Horse Counts

Ms. Morey reviewed horse counts and purse account status for all meets statewide.

XII. Other Business.

Mr. Avioli reviewed a letter from TSG received yesterday to CHRB about their intention to put in Instant Racing machines. Mr. Avioli will meet with Stronach Group and CHRB to discuss and have a follow up meeting with the Wagering Committee.

XIII. Adjournment