

**THOROUGHBRED OWNERS OF CALIFORNIA
BOARD OF DIRECTORS MEETING
Thursday, January 17, 2019 - 11:30 a.m.
Santa Anita**

MINUTES

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

Directors Absent: Nick Alexander, and Mike Pegram.

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

I. Approval of Minutes

On a motion by Mr. Aldrich, seconded by Mr. Harrington, the minutes of November 28, 2018 and November 8, 2018 were unanimously approved.

II. CMC Update

Mr. Avioli reviewed the CMC Remaining Funds Agreement, which was provided to the board. The agreement covers money held in trust for funding of Calracingcares after the sunset of the CMC on 12/31/18. Ms. Forney updated the board on the Calracingcares campaign, which includes several video series and a robust social media presence.

Mr. Avioli informed the board about negotiations with Santa Anita and Del Mar to continue funding some of the other CMC programs such as the high roller rebates and ship and win, with funding to come half from purses and half from commissions through an ADW deduction. In addition, TOC has negotiated an administrative fee of \$5,000 per month to continue managing the programs.

III. Historical Racing Update

Mr. Avioli updated the board on the status of the Stronach Group's plans for historical racing machines. He noted that based on conversations with the CHRB and TSG he did not expect installation of the machines in the near future.

IV. Stabling & Vanning Update

Mr. Avioli reviewed the S & V fund balance sheet, which was provided to the board, and showing how much Stabling & Vanning owes and how it is paying off its debt. As of 12/31/16, the Stabling & Vanning fund was in debt \$5.6 million following the

closing of Hollywood Park. Since then, Stabling & Vanning followed a plan to reduce expenses and pay off that debt, and agreed to augment operations with a .25% deduction from ADW. As of 12/31/19, we will have paid off all debt owed to tracks and have an approximate \$2.75 million excess, subject to repayment of the Industry Fund.

Mr. Avioli then updated the board on Stabling & Vanning discussion regarding post 2019 stabling and ongoing discussions with Los Alamitos regarding a one-year stabling extension.

V. ADW Redirect Agreements

Mr. Avioli reviewed the 2019 Stabling & Vanning and SCOTWINC funding agreements, which were basically the same as 2018. On a motion by Mr. Aldrich, seconded by Mr. Strauss, the agreements were unanimously approved.

VI. Finance Committee

Ms. Chinicci reported on the December financials and year-to-date financials as well as investment income.

VII. Wagering Committee

Ms. Forney briefly reported on the recent Wagering Committee meeting, at which a request for a reduction in the fixed rate for Caliente race books outside of Mexico was considered and approved. Mr. Avioli updated the board on the recent request from Monarch to approve a fee of 1% of all Horse Racing Roulette handle, which was received after the wager was introduced and was not approved.

VIII. CHRB Agenda

Mr. Avioli reviewed the agenda for the upcoming CHRB meeting, which was provided to the board.

IX. Legislation

A. Sports Wagering Ballot Initiative

Mr. Avioli updated the board on the status of sports wagering legislation. TOC is sharing the cost with Del Mar for a ballot strategist, and we spent two days with him and Adam Gray in Sacramento last week. At that meeting, a strategy was adopted – a campaign to publicize that horseracing is the only form of legalized sports wagering in California, authorized by a Constitutional Amendment in 1933. They are reviewing possible media campaigns to include Sacramento Airport signage and social media. Preliminary discussions have been held with SEIU and Teamsters, who have indicated their support for the campaign. Mr. Avioli noted that the sports wagering efforts would also likely include the racing industry commissioning a study assessing the potential revenues from sports wagering to the State of California.

B. Federal Legislation

Mr. Avioli reviewed information on the Integrity Act, which was provided to the board. He also reviewed the summary, provided to the board, of the federal Wire Act changes.

C. CHRB Request for Support / National Racing Compact

Mr. Avioli reviewed a request from the CHRB for support for the implementation of a National Racing Compact in California. A discussion ensued, during which Mr. Fenton expressed his support for it. Dr. Dedomenico noted that he has spoken to Alan Foreman several times and agrees that we are on the same page. A motion to support the proposed legislation was made by Mr. Aldrich, seconded by Mr. Strauss, and approved unanimously.

X. Race Meet Reports

Ms. Morey updated the board on the purse account status for Golden Gate Fields and Santa Anita. Mr. Avioli reviewed the mention by the new Santa Anita racing secretary in an interview of “cheaper” races being carded at Santa Anita. He has had conversations with the new racing secretary about the importance of the balance of races for California owners. Mr. Fenton added that the entire circuit is about the top level, which needs to be maintained, but we are willing to take a wait and see position for now.

Ms. Morey then reviewed the January horse counts for both Northern and Southern California.

Mr. Avioli updated the board on recent discussions about timing for two-year-olds coming in to auxiliary training facilities.

XI. Adjournment

The meeting was adjourned at 12:25 p.m.