

**THOROUGHBRED OWNERS OF CALIFORNIA  
BOARD OF DIRECTORS MEETING  
Monday, December 14, 2020 – 11:00 a.m.  
BY TELECONFERENCE**

**MINUTES**

Directors Attending: Nick Alexander, Joe Ciaglia, Gary Fenton, Rick Gold, Mike Harrington, Stephanie Hronis, Bob Liewald, Terry Lovingier, Jack Owens, Richard Rosenberg, Samantha Siegel, and Bill Strauss.

Directors Absent: Bob Baffert, Jeff Bloom, and Ed Moger.

Staff Attending: Greg Avioli, Wayne Atwell, Patricia Chinnici, Joe Hasson, and Elsa Peron.

I. Golden Gate Fields Update

Mr. Patrick Mackey joined the meeting and gave an update on the recent testing of nonessential and essential employees at Golden Gate Fields. More testing will occur this Wednesday and Sunday, per Berkeley Health Department's orders. As of now, only two people tested positive from last Friday's test, and they were tested again yesterday. Golden Gate is working closely with state regulators and the Berkeley Health Dept. Mr. Mackey informed the board that state legislators have stated publicly they would like the track's numbers to drop below or stay approximately at Berkeley's level, which is roughly 1.7%, and Mr. Mackey is optimistic they can get close to that number. He also assured the board they are working very hard to help keep everyone employed.

At present, Golden Gate's goal is to run live for opening day, December 26. Purses were declining during their Fall meet; however, since their shut down on November 13 and in light of the agreements made with CARF, NOTWINC and the fairs, the purse account has adjusted, and Golden Gate expects to be slightly underpaid by the scheduled opening of the winter-spring meet.

Mr. Mackey then gave an update on the current horse population, noting that some of the horses that have left for Los Alamitos have not come back. Mr. Avioli confirmed that the Stabling & Vanning Committee agreed to cover the cost to/from Golden Gate provided the horse makes a start within 7 days of arriving. Additionally, it is TOC's understanding that Los Alamitos agreed to cover the cost of shipping to their track if a horse does not start in 7 days.

II. Approval of Minutes

On a motion by Mr. Alexander, seconded by Mr. Lovingier, the minutes of November 20, 2020 were unanimously approved.

III. Stabling & Vanning Update

A. 2021 Stabling & Vanning Plan

Mr. Avioli gave an update on the recent negotiations to keep southern Stabling & Vanning open. He believes the discussions he and Messrs. Alexander, Baffert and Lovingier had with Dr. Allred led Los Alamitos to agree to take a 15% reduction,

with San Luis Rey following suit. As a result, TOC stepped back from the position of not authorizing any ADW funding. Ultimately, a collective agreement was reached. A summary of the plan was provided to the board. Mr. Avioli will draft a joint letter from the TOC, The Stronach Group, Del Mar and Los Alamitos to the trainers that will explain the how this plan works, the status of statutory funding, and the deal with Los Alamitos, which will go through the end of 2022. Mr. Avioli hopes the trainers will be a big part in coming up with a new system and a sustainable plan. Mr. Avioli then amended the motion to include approval of the 2021 Stabling & Vanning Funding Agreement, with .9% to come from ADW. On a motion by Mr. Fenton, seconded by Mr. Rosenberg, the 2021 Stabling & Vanning Plan and funding agreement were unanimously approved.

IV. CJWC Update / Jockey Health Insurance

Mr. Avioli updated the board on the program, which was designed to provide health insurance for the jockeys and is funded by a mandatory deduction from unclaimed refunds from the prior year. Unfortunately, due to the low number of unclaimed refunds and brick & mortar locations being shut down for more than half the previous year, funds for this program have dropped significantly. On the other hand, the cost of insurance has declined and we have five years of reserves. Additionally, we have increased the share of the premiums paid by the jockeys. A portion of the reserves will be used to help fund the program for 2021, leaving reserves of approximately \$1.3 million. We are exploring new uses for the ADW funds that currently are earmarked for the OTBs.

Mr. Avioli added that he and Mr. Alexander had further discussions with the Jockeys Guild, which is attempting to refocus their efforts and get CHRB to change the riding crop rule. He recommended they work with Breeders' Cup, and in that regard Mr. Avioli informed the board that he has a call later today with Mr. Bloom and the presidents of Del Mar and Breeders' Cup to explore some modification that the CHRB might allow.

V. SCOTWINC / NOTWINC Update

A. 2021 SCOTWINC Funding Agreement

Mr. Avioli gave an update on the role of SCOTWINC & NOTWINC, which need yearly upfront funding from ADW to run the satellites. Los Alamitos, The Stronach Group, and Del Mar have approved the funding agreement for 2021, which was provided to the board and which is the same as the agreement we signed last year. On a motion by Mr. Alexander, seconded by Mr. Strauss, the 2021 SCOTWINC Funding Agreement was unanimously approved.

VI. Approval of ADW Agreements with TVG and XpressBet

Mr. Avioli reviewed the financial shift to ADW from bricks and mortar wagering. After a multiparty negotiation, we have agreements that will result in approximately a \$12 million addition to our purse account over the next two years. We also expect to be integrated into TVG's sports wagering app by 2024, which will provide significant revenue going forward. With Del Mar we are working on an agreement regarding sharing sports betting rights.

Mr. Liewald, who was significantly involved in the negotiations, added that in 2023 we

should be integrated with the FanDuel wallet and start receiving bets from Fan Duel's fan base. By the third year, he expects to see significant improvements from TVG & FanDuel. Mr. Fenton reviewed his ideas for the use of the approximately \$7.75 million that should be coming into the purse account in the next few weeks. After further discussion, Mr. Liewald made a motion, seconded by Mr. Alexander, to approve the TVG agreement. The board unanimously approved the agreement and authorized management to execute consistent agreements.

Mr. Avioli updated the board on the XpressBet ADW agreement, which was provided to the board. It is a one-year deal with an option to renew for 2022. It will provide \$1.75 million to the purse account. On a motion by Mr. Fenton, seconded by Mr. Lovingier, the board unanimously approved the agreement and authorized management to execute consistent agreements.

VII. Wagering Committee

A. Request for Elite #2 and Elite #17

Mr. Avioli updated the board on the recent Wagering Committee meeting at which they reviewed and approved for board ratification requests from high-volume players Elite #2 and Elite #17. A summary was provided to the board. On a motion by Ms. Siegel, seconded by Mr. Owens, the board unanimously approved the ratification of the action of the Wagering Committee.

VIII. Approval of PostTime Subsidy Fee Increase

Mr. Avioli reminded the board that Mr. Lyon spoke about the workers' comp program at our last board meeting. The owner and trainer subsidy fees have been raised approximately 10%, as summarized on a memo provided to the board. Mr. Avioli noted that TOC increased the participation purses in July 2020. On a motion by Mr. Alexander, seconded by Mr. Lovingier, the board unanimously approved the increased subsidy fees. TOC will notify members.

IX. CHRB Board Meeting

Mr. Avioli informed the board he believes the CHRB will license Los Alamitos for either 6 months or for the full year. He noted that CHRB is still concerned by the number of breakdowns at that track. Mr. Avioli noted that we have had no breakdowns in a live CA thoroughbred meet in the past 6 months.

X. Santa Anita Winter/Spring Horsemen Agreement Approval

A. Medication Agreement

Mr. Avioli reviewed the Race Day Medication Agreement with the board and informed them we have the ability to adopt stricter medication rules, and we currently sign agreements with the tracks covering those. Mr. Avioli also mentioned the issue regarding Lasix is that The Stronach Group, Del Mar, Churchill Downs, NYRA, etc. have all agreed that as a national policy, in addition to no Lasix for two-year-olds, there will also be no Lasix for stakes races beginning in 2021. Mr. Avioli noted there was an exception made in The Stronach Group's policy in Maryland to exempt nongraded stakes. Mr. Lovingier led the negotiation with The Stronach Group to exclude from the California ban Calbred horses in Calbred stakes for four-year-olds and up, and that language was

incorporated into the Medication Agreement. On a motion by Mr. Gold, seconded by Mr. Lovingier, the Medication Agreement was unanimously approved.

B. Treatment of Sports Wagering in Horsemen's Agreement

Due to The Stronach Group's lack of commitment on sports wagering, TOC sent a letter to Belinda Stronach explaining our position and putting them on notice for future horsemen's agreements. He added that we will likely be entertaining offers for Del Mar's sports wagering rights. The board was provided a copy of the language we have incorporated into the Santa Anita horsemen's agreement.

XI. Legislative Report

Mr. Avioli informed the board that Adam Gray is no longer Chairman of the GO Committee, and we are hopeful his replacement will be just as supportive of racing. Mr. Avioli also provided a brief update on federal legislation.

XII. Racing Affairs

A. Horse Counts

Mr. Avioli reviewed the horse counts, which were provided to the board. He also noted that, according to Mr. Mackey, there may be four days of racing per week at Santa Anita.

XIII. Financial Report

A. November Financials

Ms. Chinnici provided a financial report for November and reviewed the year-to-date budget and projections for the end of the fiscal year in June 2021.

XIV. Mid-Year Review

Mr. Avioli reviewed the TOC objectives and accomplishments to date, a copy of which was provided to the board.

XV. Executive Session

The board adjourned to Executive Session.

XVI. Adjournment

The meeting adjourned at 11:28 a.m.