

CALIFORNIA HORSE RACING BOARD

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REGULAR MEETING

of the **California Horse Racing Board** will be held on **Thursday, February 22, 2018**, commencing at **9:30 a.m.**, in the **Baldwin Terrace Room** at the **Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California**. The audio portion only of the California Horse Racing Board regular meeting will be available online through a link at the CHRB website (www.chrb.ca.gov) under "Webcasts."

AGENDA

Action Items:

1. **Approval of the minutes of January 25, 2018.**
2. **Executive Director's Report.**
3. **Public Comment:** Communications, reports, requests for future actions of the Board.
Note: Persons addressing the Board under this item will be restricted to **three (3) minutes** for their presentations.
4. Discussion by the Board regarding a **status report regarding the reopening of San Luis Rey Downs.**
5. Discussion and action by the Board regarding a report from the **California Marketing Committee (CMC) regarding its 2018 marketing and promotion plans pursuant to Business and Professions Code section 19605.73(B).**
6. Public hearing and action by the Board regarding the **proposed amendment to CHRB Rule 1699, Riding Rules, to establish a minimum suspension penalty for a Jockey riding contrary to the rule.** (Note: This concludes the 45-day public comment period. The Board may adopt the proposal as presented.)
7. Discussion and action by the Board regarding the **request from Northern California Off Track Wagering, Inc. (NCOTWINC) to modify the distribution of market access fees from advance deposit wagering (ADW) as permitted under Business and Professions Code section 19604(f)(5)(E) for wagering conducted by thoroughbred associations in the northern zone from February 1, 2018 through December 31, 2018.**

8. **Closed Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code.
- A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," and as authorized by Government Code section 11126(e).
 - B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).
 - C. The Board may convene a Closed Session for the purposes of considering personnel matters as authorized by Government Code section 11126 (a).

Additional information regarding this meeting may be obtained from the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. This notice is located on the CHRB website at www.chrb.ca.gov. *Information for requesting disability related accommodation for persons with a disability who require aid or services in order to participate in this public meeting, should contact Jacqueline Wagner.

CALIFORNIA HORSE RACING BOARD

Chuck Winner, Chairman
Madeline Auerbach, Vice Chairman
Jesse H. Choper, Member
Fredric Maas, Member
Araceli Ruano, Member
Alex Solis, Member
Rick Baedeker, Executive Director
Jacqueline Wagner, Assistant Executive Director

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California, on January 25, 2018.**

Present: Chuck Winner, Chairman
Madeline Auerbach, Vice-Chairman
Jesse H. Choper, Member
Araceli Ruano, Member
Alex Solis, Member
Fredric Maas, Member
Rick Baedeker, Executive Director
Jacqueline Wagner, Assistant Executive Director
John McDonough, General Counsel

PRESENTATION OF RESOLUTION

Chairman Winner presented a Resolution to George Krikorian. He said Mr. Krikorian was a true friend of racing and those that had the opportunity to serve with him on the Board knew how hard he worked, and how much he contributed to horse racing during his tenure. He stated Mr. Krikorian served on the Board, from May 2013 to July 2017, and during his tenure demonstrated a strong business sense while always putting horse and rider safety as his number one priority. He advocated the expansion of California's minisatellite network, and did his best to balance fairness with common sense in an effort to bring about the best possible outcome in matters that came before the Board. Commissioner Ruano **motioned** to approve the Resolution to George Krikorian. Commissioner Maas **seconded** the motion which was **adopted unanimously by the California Horse Racing Board on January 25, 2018.** Roll Call Vote: Aye: Maas, Solis, Winner, Auerbach, Choper, Ruano. Nay: None. Motion carried.

APPROVAL OF THE MINUTES OF DECEMBER 14, 2017

Chairman Winner asked for approval of the minutes of the Regular Meeting of December 14, 2017. Commissioner Maas **motioned** to approve the minutes. Commissioner Choper **seconded** the motion, which was **unanimously carried**. Roll Call Vote: Aye: Maas, Solis, Winner, Auerbach, Choper, Ruano. Nay: None. Motion carried.

EXECUTIVE DIRECTOR'S REPORT.

Executive Director Rick Baedeker reported that 46 applications were received for the vacant staff counsel position. Staff was reviewing the applications, and would soon begin interviewing candidates. He stated he anticipated a new staff counsel would be on board as quickly as possible. Executive Director Baedeker said the month of December 2017 was difficult due to the fire, which resulted in one less day of racing, and an additional night of racing. Daytime racing decreased 7.3 percent, and nighttime racing increased 3.9 percent. Overall handle decreased just under 6 percent. He said the end of the year daytime handle was down a tenth of a percent; nighttime racing overall was down six-tenths of a percent; combined, the entire industry in California was down 0.5 percent. He stated total wagering at minisatellites was up 11 percent over the previous year. Minisatellites were a success story, and had room to grow. There were 12 minisatellites in operation, with the possibility of up to 45 as permitted by law. He stated total on-track business for the year was down 2.8 percent. Total brick and mortar, including tracks and satellites, was down three percent. Advance Deposit Wagering in California was up 4.4 percent, and continued to grow every year.

PUBLIC COMMENT

Dr. Rick Arthur, CHRB Equine Medical Director, stated the amendment to Rule 1845, Authorized Bleeder Medication, became effective December 26, 2017. The amendment changed procedures for administering furosemide. To date, there were no major complaints. Some veterinarians even praised the change to their practice. Chairman Winner said he was aware the changes had taken place and thanked Dr. Arthur for the update.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE DISTRIBUTION OF RACE DAY CHARITY PROCEEDS OF THE LOS ANGELES TURF CLUB II, INC. DBA SANTA ANITA PARK, FROM ITS SEPTEMBER 29 THROUGH OCTOBER 29 AUTUMN RACE MEETING IN THE AMOUNT OF \$27,397 TO TEN BENEFICIARIES.

Eric Sindler, Los Angeles Turf Club (LATC), stated LATC requested approval to distribute race day charity proceeds to ten beneficiaries in the amount of \$27,397. Vice-Chairman Auerbach said she was recusing herself from voting on the item. Commissioner Ruano **motioned** to approve the distribution of race day charity proceeds in the amount of \$27,397 to ten beneficiaries. Commissioner Maas **seconded** the motion, which **carried** four to zero with one abstention and one Commissioner absent for the vote. Roll Call Vote: Aye: Maas, Solis, Winner, Ruano. Nay: None. Abstain: Auerbach. Motion carried.

DISCUSSION BY THE BOARD REGARDING A STATUS REPORT FROM THE WORKING COMMITTEE RESPONSIBLE FOR THE DISTRIBUTION OF CHARITABLE FUNDS TO THE VICTIMS OF THE LILAC FIRE AT SAN LUIS REY DOWNS.

Chairman Winner stated the Evening of Music to Support the Victims of the Fire at San Luis Rey Downs (SLRD) training center held January 17, 2018 included performances from Elvis Costello and Burt Bacharach. The benefit concert was a special event that included an auction to aid

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fundraising efforts for victims of the Lilac Fire. Cliff Goodrich, California Thoroughbred Horsemen's Foundation, Inc. (CTHF), said Burt Bacharach and his wife, Jane, put on the benefit concert. The concert was expected to generate over \$100,000 for the Lilac Fire victims. Mr. Goodrich stated a GoFundMe account was created within 24 hours after the Lilac Fire burned barns at SLRD on December 7, 2017. A GoFundMe Committee (Committee) was formed to oversee the account. The Committee realized within its first week that it had to find a fast, efficient way to distribute funds. He said the Committee asked the CTHF for help. CTHF did not solicit funds; it distributed funds that were donated specifically for the Lilac Fire victims from the GoFundMe account and from donations made specifically for the fire victims through its own website. Mr. Goodrich stated the CTHF made its first distribution on December 15, 2017. Del Mar Thoroughbred Club (DMTC) converted a \$115,000 check into small bills so every groom and hot walker displaced by the fire could be given \$500 in cash, and every trainer who lost supplies and equipment in the fire received \$600. He said DMTC converted a second check on December 21, 2017 to cash, which was distributed to displaced trainers in the amount of \$250 per horse; workers were given another \$500 and totaled \$100,000. Mr. Goodrich stated after the fire, the Trifecta Equine Athletic Center (Trifecta) temporarily stabled about 100 horses from SLRD, and California Retirement Management Account (CARMA) helped find alternative stabling options. CTHF gave CARMA a \$100,000 grant on December 21, 2017 to aid its effort for rehoming horses. He stated CTHF remained in touch with the three hospitalized victims and their families. CTHF wanted to ensure their medical bills, housing and transportation costs were paid. Over \$550,000, or 90 percent of the donations raised, were distributed by the end of 2017. Mr. Goodrich said the CTHF realized trainers needed further financial support to keep their businesses running and their workers employed. CTHF requested help from Alan Balch and the California Thoroughbred

Trainers (CTT) to determine how to fairly distribute funds to trainers. CTT created an Advisory Committee to recommend which trainers should be granted funding. CTHF issued checks totaling \$255,550 to 19 trainers on January 10, 2018. Mr. Goodrich stated Barretts Sales planned to donate 10 percent of its January 2018 commissions, along with proceeds from coinciding silent and live auctions to CTHF. Mr. Goodrich stated the remaining donations were expected to help provide payments for future bills and long-term care for Lilac Fire victims. He said the Committee and the CTT Advisory Committee felt it was prudent to let time pass before further distributions took place. He stated nearly 6,000 individuals and corporations donated to the Lilac Fire victims. Mr. Goodrich said the California horse racing industry could learn a valuable lesson that good things happened when well-intended people worked for the common good. The reaction to the fires should lead horse racing industry stakeholders to work cooperatively in the future. The response highlighted what makes horse racing the Sport of Kings. Credit was due to all the heroes who put their lives at risk to rescue horses from the Lilac Fire; the CTT and GoFundMe Committees; Los Alamitos Racing Association; Los Alamitos Quarter Horse Benevolent Fund; DMTC; the 22nd Agricultural District; Trifecta; and all the vendors and individuals who made donations. The heartfelt response to the Lilac Fire was overwhelming. Alan Balch, CTT, said there were several major anonymous donations of cash, and an unbelievable outpouring of materials and volunteers, in addition to the donations made through the GoFundMe and CTHF accounts. Mr. Balch stated he had received some criticism for the amount of funding that went to trainers. The committees and CTHF did the best they could in good faith. Helping trainers was important because the trainers were the ones who employed the backstretch workers. There were some independent contractors, which included some exercise riders at SLRD who were not employed by trainers, and the committees and CTHF would look into addressing aid for them. Mr. Balch stated he would

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personally communicate with each trainer at SLRD to make sure everyone affected by the fires received aid. He said backstretch employees were covered by Workers' Compensation and the Post Time Self-Insurance Group made itself immediately available to speak with trainers and employees at DMTC the week after the fire at SLRD. The Race Track Chaplaincy of America, the Red Cross, and Deacon Arnie from Holy Angels were also at DMTC to help with counseling and other types of assistance. DMTC staff also rose to the occasion. Vice-Chairman Auerbach stated the distributions on December 15 and 21, 2017 included providing \$500 to affected backstretch workers, so the backstretch workers actually received \$1,000 total. Exercise riders and assistant trainers received aid as well. Everyone who received cash from the distribution had to be identified as an employee and provide a signature to document their receipt of the funds. The distributions were handled diligently. Rick Hammerle, Los Angeles Turf Club (LATC), stated the 13 employees at SLRD who were onsite during the fire, and risked their lives to evacuate the horses, were also given \$1,000 each. He said the Committee was lucky it could rely on CTHF to distribute the funds expediently. Chairman Winner stated the Board thanked CTHF, CARMA, the various committees and everyone who reached out to aid the fire victims from SLRD. It was a tremendous effort to aid the victims quickly, and it was a difficult task. The Board looked forward to the continuing efforts that would be made with the resources that were still coming to help the victims. He said the horse racing industry did not always come together to accomplish common objectives. The stakeholders put aside their differences for this crisis, and hopefully they will move forward on other issues in a more united, cooperative manner. Commissioner Maas asked if there was a way for people to continue donating to aid the fire victims. Mr. Goodrich stated the GoFundMe account was closed, however donations were still being accepted via the CTHF website. CTHF would provide notice on its website once the funding campaign for the Lilac Fire

victims concluded; however donations to help workers and trainers in general would still be accepted. CTHF would honor donations specifically made for the fire victims. Executive Director Rick Baedeker said the Board appreciated the regular updates from CTHF. He asked if there was a mechanism to help those victims that were emotionally traumatized. Mr. Goodrich said some donated funds would be used to aid those with short and long-term emotional trauma. Vice-Chairman Auerbach stated there was no way to thank everyone involved. The Southern California racetracks received an overwhelming amount of donations; they had to work together to find room for everything.

DISCUSSION AND ACTION BY THE BOARD REGARDING A REPORT FROM THE CALIFORNIA MARKETING COMMITTEE (CMC) REGARDING ITS 2018 MARKETING AND PROMOTION PLANS PURSUANT TO BUSINESS AND PROFESSIONS CODE SECTION 19605.73(B).

Elizabeth Morey, California Marketing Committee (CMC), stated the CMC marketed and promoted California thoroughbred and fair horse racing. She said the CMC presented an annual report to the CHRB on its proposed budget for the upcoming year. She said the key programs for the 2017 and 2018 budget years included two Significant Player Programs. One was a statewide incentive reward program available to players at all satellite facilities, and the other program was available on-track to large players at Santa Anita Park and Del Mar Thoroughbred Club (DMTC). She stated live on-track handle generated the most revenue for California horsemen, so the on-track large player rebate program was an important tool to maximize purse and commission generation. CMC also participated in horse recruitment, the most notable being the Ship and Win program at DMTC. CMC also promoted satellite marketing giveaways at the facilities to promote the locations and attract people. She stated CMC also contributed to the Golden State series, in

partnership with the California Thoroughbred Breeders Association, to promote opportunities for Cal-breds in California. Chairman Winner said the CMC's chart on the Significant Player Program only showed a total budget amount but no breakdown for 2017; however, a breakdown was shown for 2018. Ms. Morey stated the budget was down 20 percent based on the 2017 actuals. The fewer people that participated, the fewer rebates given. Chairman Winner said the We Care Horse Campaign was a success story and good for racing. He asked why its budget decreased by \$50,000, or 25 percent, and why a new firm was being hired. Ms. Morey stated in 2017 there were significant costs associated with website design that were not anticipated in 2018, so CMC felt \$150,000 could still fund the program at the same level and quality. She said she believed a new company was in the process of being hired. Chairman Winner stated it would be interesting to hear why that decision was made, since everyone seemed to think the job that the prior company did was terrific. He said he saw a 52 percent increase in administration expenses and a 25 percent decrease in the We Care Horse Campaign, which was disappointing. Ms. Morey stated CMC previously partnered with several other industry organizations to share the administrative expenses, however the administrative expenses for 2018 was still \$100,000 less than 2016, which represented a budgeting issue rather than a change in priorities. The We Care Horse Campaign was still one of the CMC's top priorities. Vice-Chairman Auerbach asked if the contract for the program was given to XBTV or some other Stronach-related group. Ms. Morey said she believed the contract was given to a Stronach subsidiary, and Greg Avioli would be able to go into further detail. Vice-Chairman Auerbach said it was disappointing that Mr. Avioli was not present to explain why the change was made considering the success of the program. Commissioner Choper said it would be helpful if Mr. Avioli would submit several short statements in response to the issues raised by the Board. The responses could be reviewed prior to the next Regular Board

meeting to determine if there were additional questions. Chairman Winner stated he agreed, and stated the CMC should be ready to return to the next Regular Board meeting. Commissioner Maas said CMS's report did not state what it was doing in regards to utilizing social media such as Snapchat, Instagram or Facebook. Ms. Morey stated CMC would include that subject with the update on the Cal Racing Cares program. Executive Director Baedeker said that the statute authorizing CMC would sunset at the end of 2018. He said there were obviously critical parts to the program that the industry would want to keep, and he suggested CMC address that as well. Ms. Morey stated there was a preliminary agreement amongst the parties that they would get together and figure out how to extend funding for the program.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM THE JOCKEY DEFINED CONTRIBUTION RETIREMENT PLAN PENSION TRUSTEES, TO AMEND THE PLAN TO PROVIDE THAT RETIRED PARTICIPANTS WHO PREVIOUSLY ELECTED ANNUAL INSTALLMENT DISTRIBUTIONS MAY ELECT A LUMP SUM DISTRIBUTION OF THEIR REMAINING PLAN ACCOUNT BALANCE.

Shane Gusman, Jockey Defined Contribution Retirement Plan (Plan), stated the proposed amendment to the Plan would provide that retired participants who previously elected annual installment distributions may subsequently elect a lump sum distribution of their remaining Plan account balance. He stated the amendment would correct an oversight from the last Board approved amendment in August 2017, which gave jockeys the option to elect annual installment distributions or a lump sum distribution upon retirement. This amendment would allow retired jockeys that elected annual installment distributions to take a lump sum. Chairman Winner stated retired jockey Russell Baze, was an example of why this option should be allowed. He said there was no reason to deny Mr. Baze's request once the Plan was amended; the option would help other jockeys as well. Chairman Winner **motioned** to approve the proposed amendment to the Plan to

allow retired participants who previously elected annual installment distributions to elect a lump sum distribution of their remaining account balance. Commissioner Choper **seconded** the motion, which was **unanimously carried**. Roll Call Vote: Aye: Maas, Solis, Winner, Auerbach, Choper, Ruano. Nay: None. Motion Carried.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE STAFF REVIEW OF THE PHOTO FINISH TECHNOLOGY IN USE AT CALIFORNIA RACETRACKS.

Executive Director Rick Baedeker stated in the summer of 2017, there was a controversy surrounding a delay in the stewards reviewing a photo finish. He said it took the stewards ten minutes to post the order of finish. The reason for the delay was that the stewards asked for a hard copy of the photo and the printer malfunctioned. He said it was a dead heat, and requesting a photo was part of the regular process that the stewards followed. He stated he asked staff to research other racing jurisdictions to determine if California's photo finish technology was equal to the rest of the country's. Jeff Salmon, Safety Steward, stated the delay was due to a USB port problem with a new printer that was used to reproduce the photo finish pictures for analysis by the judges and subsequent recordkeeping. The problem was rectified immediately, and the system was now working correctly. He stated in response to the incident, the photo finish and video replay vendors, Plusmic and Pegasus Communications, reviewed the system setup to ensure the best possible photo images for all of the racetracks. The reviews showed interesting results, as monitors found in most facilities were outdated. Full high definition (HD) monitors were connected to the video replay system, so when the video replay system showed the photo result, it was in full HD; however, in the judges stands they did not have full HD. Executive Director Baedeker asked if the public saw a full HD, but the Stewards did not. Mr. Salmon stated that was correct, and the vendors upgraded

the facilities at Santa Anita Park for use at its December meet. The new monitors and computers were tested on December 20, 2017 and were ready for the December 26, 2017 opening. Santa Anita Park stewards reported the new system was working well, with no new issues. Mr. Salmon stated he talked to the California vendors extensively, and a major photo finish vendor from the East Coast with clients including Belmont Park, Churchill Downs, Saratoga and Pimlico. He said California's photo finish camera technology was state-of-the-art. The hardware in use at Santa Anita Park would be taken to Del Mar Thoroughbred Club, or potentially duplicated. Los Alamitos Race Course needed to be updated as soon as possible. The Pleasanton, Santa Rosa and Fresno fairgrounds would use the same hardware and should be updated prior to the 2018 meets. Golden Gate Fields could be ready by November 2018. Cal Expo and Ferndale fairgrounds were not HD ready and more extensive upgrading would be required for these sites. Mr. Salmon said the camera technology was state of the art, it was the monitor technology that needed to be resolved and upgraded. Executive Director Baedeker stated the associations went before the Board to present their race meet application and were required to provide the equipment that was needed to operate a race meet. He said he did not doubt that anyone would argue the need to upgrade to HD, but there was a cost associated with it at each location.

DISCUSSION AND ACTION BY THE BOARD ON THE RENEWAL APPLICATION FOR LICENSE TO OPERATE A MINISATELLITE WAGERING FACILITY AT SAMMY'S OPERATING CO. LLC DBA SAMMY'S ORIGINAL OF LAKE FOREST, FOR A PERIOD OF UP TO FIVE YEARS.

Executive Director Rick Baedeker stated Sammy's Operating Co. LLC dba Sammy's Original of Lake Forest (Sammy's), was the leader in handle for minisatellite wagering facilities in California. He said Sammy's 2017 total handle was \$19.7 million; a 7 percent increase from 2016. George

Haines, Southern California Off-Track Wagering, Inc. (SCOTWINC), stated Sammy's was one of the nicest minisatellite facilities in California, and requested approval for its license renewal. He said Sammy's did a great job promoting horse racing and welcomed new customers. Commissioner Solis **motioned** to approve the renewal application for license to operate a minisatellite wagering facility at Sammy's for a period of five years. Commissioner Maas **seconded** the motion, which was **unanimously carried**. Roll Call Vote: Aye: Ruano, Choper, Auerbach, Winner, Solis, Maas. Nay: None. Motion Carried.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO OPERATE A MINISATELLITE WAGERING FACILITY AT THE OC TAVERN GRILL AND SPORTS BAR, SAN CLEMENTE, FOR A PERIOD OF UP TO FIVE YEARS.

George Haines, Southern California Off track Wagering, Inc. (SCOTWINC), stated there was a change of ownership at OC Tavern. Mike Merrigan, OC Tavern, said the reason he sold OC Tavern was because he wanted more time to spend with his mother who had stage 4 cancer. He stated he was lucky to come across Chris Dalgarrd, who had the same vision, attitude, and goals to provide a great atmosphere for the horse racing industry. He said Mr. Dalgarrd was going to be a great asset to the industry. Vice-Chairman Auerbach asked if the financials were submitted. Mr. Merrigan said he could send them in right away. He stated CHRB staff asked for Mr. Dalgarrd's financials, but Mr. Dalgarrd had not owned the business yet. Executive Director Baedeker said the Board needed Mr. Dalgarrd's personal financials, and recommended the approval include a contingency upon the receipt of the financials. Mr. Merrigan said Mr. Dalgarrd had been working with Francisco Gonzalez, CHRB Staff, and believed they had been submitted. Commissioner Choper **motioned** to approve the application for license to operate a minisatellite wagering facility at OC Tavern for a period of five years contingent on the receipt of financials. Commissioner

Ruano **seconded** the motion, which was **unanimously carried**. Roll Call Vote: Aye: Ruano, Choper, Auerbach, Winner, Solis, Maas. Nay: None. Motion Carried.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE PROPOSED AMENDMENT TO CHRB RULE 2050, BENEFICIARIES, WELFARE PROGRAMS AND ACTIVITIES, TO EXPAND ELIGIBILITY FOR HEALTHCARE SERVICES PROVIDED BY THE CALIFORNIA THOROUGHBRED HORSEMEN'S FOUNDATION (CTHF), AS PROVIDED FOR UNDER BUSINESS AND PROFESSIONS CODE SECTION 19641(B)(3).

Cliff Goodrich, California Thoroughbred Horsemen's Foundation, CTHF, stated the proposed amendment to CHRB Rule 2050, Beneficiaries, Welfare Programs and Activities, would open the use of CTHF clinics to more people, including: racing association employees, charity organization members and employees and CHRB licensees. The CTHF clinics had a lot of downtime, which allowed sufficient time for the additional customers. He stated the customers would be charged a fee, and any additional costs for supplies were minimal. The proposed amendment would potentially draw in new donors to help fund the healthcare services. Jacqueline Wagner, Assistant Executive Director, stated the proposed amendment would implement provisions required by Assembly Bill 1723. Vice-Chairman Auerbach said the proposed amendment would be beneficial because the employees and clinics were underutilized. She asked if the new customers had to pay a membership fee to receive healthcare services. Mr. Goodrich stated customers had to show documentation that they were employed by a racing association; they would not be charged a monthly fee. Commissioner Ruano asked at what capacity the clinics were operating. Mr. Goodrich stated the clinics were operating at roughly 65 percent. He said there were periods throughout the year that were slower, and the proposed amendment was a way to better utilize the clinics, rather than lay off staff during those periods. Vice-Chairman Auerbach asked where the CTHF clinics were located. Mr. Goodrich said all clinics were located within the backstretch area,

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or near it, at the California racetracks. Commissioner Solis **motioned** to direct staff to initiate a 45-day public comment period regarding the proposed amendment to Rule 2050. Commissioner Ruano **seconded** the motion, which was **unanimously carried**. Roll Call Vote: Aye: Maas, Solis, Winner, Auerbach, Choper, Ruano. Nay: None. Motion Carried.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM NORTHERN CALIFORNIA OFF TRACK WAGERING, INC. (NCOTWINC) TO MODIFY THE DISTRIBUTION OF MARKET ACCESS FEES FROM ADVANCE DEPOSIT WAGERING (ADW) AS PERMITTED UNDER BUSINESS AND PROFESSIONS CODE SECTION 19604(F)(5)(E) FOR WAGERING CONDUCTED BY THOROUGHBRED ASSOCIATIONS IN THE NORTHERN ZONE FROM FEBRUARY 1, 2018 THROUGH DECEMBER 31, 2018.

Elizabeth Morey, Northern California Off Track Wagering, Inc. (NCOTWINC), stated NCOTWINC was an organization formed by the California Authority of Racing Fairs, Golden Gate Fields (GGF), and the Thoroughbred Owners of California (TOC), where tracks and horsemen partnered to fund many of the costs associated with the Northern California satellite wagering locations, and the labor costs associated with pari-mutuel clerks. In 2016, the satellite locations generated \$29 million to industry stakeholders; \$1.2 million to CHRB Board support; \$9.1 million in track commissions and \$10.3 million in purses. By statute, 2.5 percent of the satellite handle went to NCOTWINC operating expenses, however, with the migration of handle from brick and mortar facilities to Advance Deposit Wagering (ADW), the statute no longer covered operating expenses. Funding was expected to cover \$3.7 million of the anticipated \$4.1 million needed to fund NCOTWINC expenses for GGF's 2018 meets. She said annually GGF, and TOC would come before the Board seeking an ADW deduction to cover the gap in funding. Currently, an agreement had not been finalized for 2018. However, NCOTWINC was asking for a preapproval of such an agreement, to begin February 1, 2018, at a rate of up to 3.5 percent. Vice-

Chairman Auerbach asked if the 2018 rate would be the same as last year's rate of 2.9 percent. Ms. Morey said last year's rate was 2.9 percent, however, since an ADW deduction was not in place, and it was already January, a higher rate would be needed since the funding period was a shorter amount of time. Executive Director Baedeker stated last year's rate of 2.9 percent began in January, but this year there was currently no agreement in place, so staff was recommending the Board consider a motion that provided a cap of 3.5 percent, pending the agreement between TOC and GGF. Ms. Morey said NCOTWINC hoped to reach an agreement by mid-February 2018, so that funding could start sooner than later. Chairman Winner reiterated that if an agreement wasn't reached, then funding would not take effect. Ms. Morey said that was correct, but if an agreement was reached, it would be immediately submitted to the Board. Vice-Chairman Auerbach **motioned** to approve the request from NCOTWINC to modify the distribution of market access fees. Commissioner Choper seconded the motion, which was **unanimously carried**. Roll Call Vote: Aye: Ruano, Choper, Auerbach, Winner, Solis, Maas. Nay: None. Motion Carried.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM SOUTHERN CALIFORNIA OFF TRACK WAGERING, INC. (SCOTWINC) TO MODIFY THE DISTRIBUTION OF MARKET ACCESS FEES FROM ADVANCE DEPOSIT WAGERING (ADW) AS PERMITTED UNDER BUSINESS AND PROFESSIONS CODE SECTION 19604(F)(5)(E) FOR WAGERING CONDUCTED BY THOROUGHBRED ASSOCIATIONS IN THE SOUTHERN AND CENTRAL ZONE FROM FEBRUARY 1, 2018 THROUGH DECEMBER 31, 2018.

Chairman Winner stated the request from Southern California Off-Track Wagering, Inc. (SCOTWINC) to modify the distribution of market access fees from Advance Deposit Wagering (ADW) as permitted under Business and Professions Code section 19604(F)(5)(E) was for wagering conducted by thoroughbred associations in the southern and central zone from February 1, 2018 through December 31, 2018. He stated there was one outstanding document. George

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Haines, SCOTWINC, said the current request differed from previous years because some of the parties involved were regularly overpaying. Those parties were given their surplus funds back. He stated the proposed modification adjusted the rate to prevent overfunding through a secondary agreement. The secondary agreement provided a 2.9 percent rate for all parties except Los Angeles Turf Club (LATC), which would have a rate of 2.5 percent. All parties signed the primary agreement; however, the agreement was contingent upon the secondary agreement. The outstanding LATC signature the secondary agreement was expected shortly. Commissioner Maas **motioned** to approve request from SCOTWINC to modify the distribution of market access fees, contingent upon the receipt of the secondary agreement signature from LATC. Commissioner Solis **seconded** the motion, which was **unanimously carried**. Roll Call Vote: Aye: Ruano, Choper, Auerbach, Winner, Solis, Maas. Nay: None. Motion Carried.

MEETING ADJOURNED AT 11:10 A.M.

A full and complete transcript of the aforesaid proceedings are on file at the office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California, and therefore made a part hereof.

Chairman

Executive Director

CALIFORNIA HORSE RACING BOARD

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REGULAR BOARD MEETING

There is no board package material for Item 2

CALIFORNIA HORSE RACING BOARD

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REGULAR BOARD MEETING

There is no board package material for Item 3

CALIFORNIA HORSE RACING BOARD

FEBRUARY 22, 2018
REGULAR BOARD MEETING

There is no board package material for Item 4

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING A REPORT FROM THE
CALIFORNIA MARKETING COMMITTEE (CMC) REGARDING ITS 2018 MARKETING
AND PROMOTION PLANS PURSUANT TO BUSINESS AND PROFESSIONS CODE
SECTION 19605.73(B)

Regular Board Meeting
February 22, 2018

ISSUE

At the January 25, 2018, Regular Board meeting, the California Marketing Committee (CMC) presented its proposed 2018 Budget Summary and marketing and promotion plans. The Board had additional questions regarding the CMC proposed 2018 budget and marketing and promotion plans. The Board moved the CMC Board item to the February 22, 2018.

BACKGROUND

Business and Professions Code section 19605.73(a) states Thoroughbred racing associations, fairs, and the organization responsible for contracting with thoroughbred racing associations and fairs with respect to the conduct of racing meetings, may form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, including, but not limited to, the establishment and maintenance of an Internet Website featuring California thoroughbred and fair racing, the establishment and administration of players incentive programs for those who wager on thoroughbred association and fair races, and promotional activities at satellite wagering facilities to increase their attendance and handle. While the promotional activities at satellite wagering facilities shall be funded by the marketing organization, they shall be implemented and coordinated by representatives of the satellite wagering facilities and the thoroughbred racing associations or fairs then conducting a live race meet. The CMC is the private organization formed pursuant to the statute.

Business and Professions Code section 19605.73(b) requires the CMC to annually, by October 1, submit a written report to the Board on a statewide marketing and promotion plan for the upcoming calendar year. In addition, the organization shall annually present to the Board at the Board's November meeting a verbal report on the statewide marketing and promotion plan for the upcoming year. The plan shall be implemented as determined by the organization. Business and Professions Code section 19605.73(c) states that from the amount that would normally be available for commissions and purses, an amount not to exceed 0.25 percent of the total amount handled by each satellite wagering facility shall be distributed to the CMC. The amounts initially distributed to the CMC shall be 0.2 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. However, the adjusted amounts may not exceed an aggregate of 0.25 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. The promotion funds that are not expended in the year in which they are collected may be expended in the following year. If promotion funds expended in any one year exceed the amount collected for that year, the funds expended in the following year shall be

reduced by the excess amount. In addition, Business and Professions Code section 19605.73(c) also requires the CMC on a quarterly basis, to submit to the Board a written report that accounts for all receipts and expenditures of the promotion funds for the previous three months. Business and Professions Code section 19605.73(d) states this section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date. Any moneys held by the marketing organization shall, in the event this section is repealed, be distributed to the organization formed pursuant to Business and Professions Code section 19608.2, for the purposes of that section.

ANALYSIS

Table 1. below displays the CMC's 2017-2018 budget years:

- There is an 18 percent decrease on the “total” allocation for the *Significant Player Programs*:
 - “*Significant Player Program (1% CMC)*” is a statewide incentive reward program for players who wager a minimum of \$20,000 per calendar month. Qualifying players receive 1% reward of their total monthly play. Players can participate at all California facilities.
 - “*Significant Player Program (Above 1%)*” is a program offered at Santa Anita and Del Mar, the program expands on “*Significant Player Program (1% CMC)*” by offering raised rewards that are tiered strategically and targeted specifically to their high volume on-track wagering patrons. CMC states “Rewarding high volume players at these raised levels allows our industry to stay competitive against rebate companies, including offshore groups.”
 - CMC has allocated \$45,000 to pay *CHRIMS* for the cost of processing the *Significant Player Coupons*.
- For 2018 the *Horse Recruitment* allocation is \$455,000, an increase of 39 percent. CMC states “A clear correlation exists between field size and handle. CMC-supported programs work collaboratively in an effort to stabilize and increase field sizes, while striving to deliver the best possible racing product to our fans.”
- Historically, except for year 2017, CMC has allocated funds towards *Satellite Marketing*. For 2018 the *Satellite Marketing* allocation is \$30,000.
- This year CMC has allocated \$25,000 for *CalRacing.com*, an increase of 150 percent. The website continues to offer free race replays on a next day basis. Live video streaming is offered through Roberts Television (RTN) via a link on *CalRacing.com*. Furthermore, the website offers a variety of streaming packages:
 - \$12 per year, standard definition live streaming of California thoroughbred races;
 - \$60 per year, high definition live streaming and immediate replays of all California thoroughbred races;
 - Other packages available.

- The allocation for the 2018 *Golden State Series* is \$250,000, same as last year. The Golden State Series was launched in 2012 as a long-term initiative to encourage California breeding by introducing new stakes and offering purse enhancements. Now in its sixth year, the Golden State Series has expanded to 40 stakes and over \$50 million in total purses.
- The allocation for the *We Care Horse Campaign* is \$150,000, a decrease of 25 percent. The “*We Care Horse Campaign*” was created in 2017 to raise awareness of the industry’s commitment to equine welfare and safety.
- Overall the 2018 CMC proposed budget has a two percent increase over the 2017 budget.

Table 1. Comparison of 2017-2018 CMC’s Budget Years

	2017	2018	Difference	Change
Significant Player Program (1% CMC)*	-	165,000	-	-
Significant Player Program (Above 1%)*	-	390,000	-	-
CHRIMS Database Management*	-	45,000	-	-
Total Significant Player Programs*	727,812	600,000	-127,812	-18%
Horse Recruitment	327,188	455,000	127,812	39%
Satellite Marketing	-	30,000	30,000	-
Cal Racing Website	10,000	25,000	15,000	150%
Golden State Series	250,000	250,000	-	-
We Care Horse Campaign	200,000	150,000	-50,000	-25%
Administration	60,000	91,000	31,000	52%
TOTAL	1,575,000	1,601,000	26,000	2%

* Last year the Significant Player Program (1% CMC); Significant Player Program (Above 1%); and CHRIMS were combined.

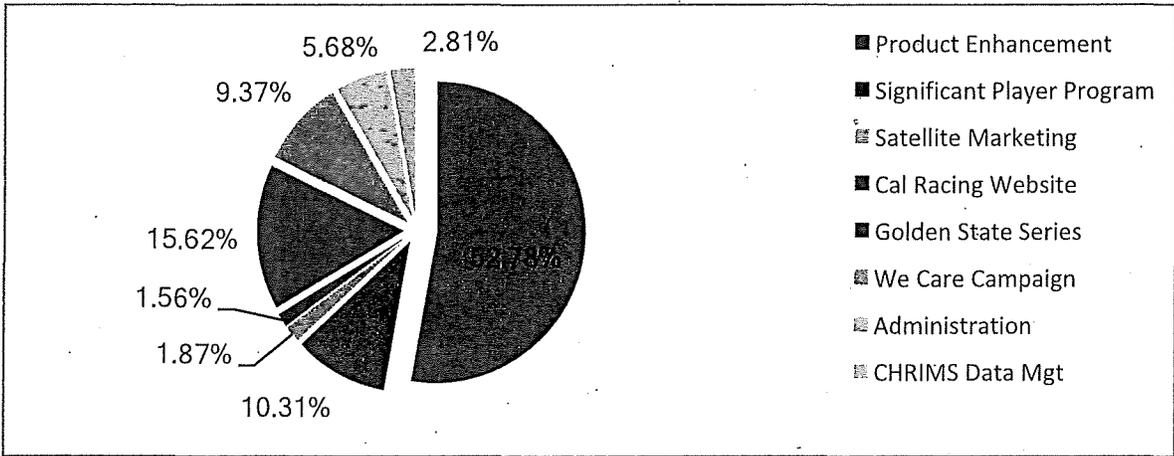
RECOMMENDATION

Staff recommends the Board hear from the CMC representatives on its marketing and promotion, and its receipts and expenditures plans.

California Marketing Committee

	<u>2018 Budget</u>
Product & Handle Enhancement	845,000
Significant Player Program (1% CMC)	165,000
CHRIMS Database Management	45,000
Satellite Marketing	30,000
Cal Racing Website	25,000
Golden State Series	250,000
We Care Campaign	150,000
Administration	91,000
TOTAL	<u>1,601,000</u>
Projected Fund Generation	<u>1,600,000</u>
	(1,000)
Projected Accumulated Surplus	<u>17,840</u>
	16,840

2018 Budget Allocation





California Marketing Committee
Overview
December 1, 2017

The California Marketing Committee (CMC) is a statewide organization formed to market and promote Thoroughbred horse racing pursuant to Business and Professions Code Section 19605.73. The CMC is funded by 0.25 percent of the total amount handled by each satellite wagering facility. The statute governing the funding of CMC is currently set to sunset as of January 1, 2019.

Statute requires that CMC members include two representatives each from Thoroughbred racing associations, Thoroughbred horseman and from Fairs. The current board members of the CMC are as follows:

- Greg Avioli, Chairman and Thoroughbred Owners of California representative
- Terry Lovingier, Thoroughbred Owners of California representative

- Craig Dado, Thoroughbred track representative
- Eric Sindler, Thoroughbred track representative

- Heather Haviland, California Authority of Racing Fairs representative
- Richard Scheidt, California Authority of Racing Fairs representative

The CMC meets regularly and encourages industry participation. CMC works collaboratively with industry representatives to solicit ideas and concepts that will promote California Thoroughbred racing and enhance our product. These representatives include all Thoroughbred racing associations, California Authority of Racing Fairs (CARF), Thoroughbred Owners of California (TOC), California Thoroughbred Trainers (CTT), California Thoroughbred Breeders' Association (CTBA), racing executives and facility marketing personnel, CHRIMS, SCOTWinc, and NCOTWinc.

Since its inception in 1999, the CMC has served as an industry forum and funding source for a wide variety of statewide marketing initiatives and programs designed to promote and enhance Thoroughbred racing in California.

It is important to note that continued reduction in handle at California satellite facilities as well as changes in legislation have substantially reduced the funding available to CMC. For example, in 2004, the CMC received funding of over \$5.7 million; the 2018 budget reflects projected funding of approximately \$1.5 million. The reductions in funding have made it increasingly important that CMC use available funds for targeted programs designed to have specific impacts.

2018 PROGRAM SUMMARIES

Significant Player Programs

The Significant Player Program is a statewide incentive reward program for players who wager a minimum of \$20,000 per calendar month. Qualifying players receive a 1% reward of their total monthly play. Players can participate at all California facilities.

Santa Anita and Del Mar expand upon the 1% reward by offering raised rewards that are tiered strategically and targeted specifically to their high volume on-track wagering patrons. Rewarding high volume players at these raised levels allows our industry to stay competitive against rebate companies, including offshore groups.

Both programs allow us to identify and stay connected with our most valuable players as well as attract new players to our pools who may be wagering elsewhere. These programs also have the added merit of having the most direct return benefit to the industry per dollar wagered. For example, Santa Anita's on-track handle by their high volume players who wagered \$50,000 and above per month registered \$8.6 million in 2016 on a Santa Anita rewards card, which was an increase of 14% from prior year. This figure accounted for 6% of Santa Anita's total on-track handle in 2016. This same group of high volume players at Santa Anita generated \$698,300 in purses in 2016. It should be further noted that in 2016 Santa Anita was able to attract 12 new high volume players previously unknown to them as a direct result of this program.

In 2016, 859 players participated statewide in the programs with over \$22.1 million in participating wagers. This correlates to approximately \$971,000 generated in track commissions and \$955,000 generated in purses. In addition, approximately \$915,000 is generated for other industry programs such as stabling and vanning, workers' compensation support, and CHRB support.

Horse Recruitment

A clear correlation exists between field size and handle. CMC-supported programs work collaboratively in an effort to stabilize and increase field sizes, while striving to deliver the best possible racing product to our fans.

For 2018, the board agreed that individual associations could tailor their recruitment programs based on their unique market environment and racing product needs. Proposals have been requested on how each association will achieve their individual recruitment goals and measure their results. It is expected that several components will be established in the forthcoming proposals and will include stakes and stable recruitment and starter and retention bonuses.

Golden State Series

The Golden State Series was launched in 2012 as a long-term initiative to encourage California breeding by introducing new stakes and offering purse enhancements. Now in its sixth year, the Golden State Series has expanded to 40 stakes and over \$5 million in total purses. Roughly \$750,000 of the purses are supplemented by breeder nomination fees, stallion nomination fees and a contribution by the CMC. As a result of the Golden State Series and other programs recently implemented by CTBA, TOC and the tracks, the breeding industry is trending upward. The number of mares bred has stabilized the past few years which will produce a foal crop next year expected to approach 2,000. This would equal the largest California foal crop since 2009. With California-breds making up 50% of the field sizes, north and south, it is vital that these positive trends continue.

A total of 945 two-year-olds were nominated in 2016, up from 2015. This figure represents nearly 60% of the 2014 registered foal crop.

The CMC continues to work closely with the CTBA to provide input on the program year-to-year and track the results.

We Care Campaign

A need was recognized to raise public awareness of our industry's firm commitment to equine welfare and safety, both on- and off-track and in retirement. In collaboration with industry leaders and groups, a campaign and website were developed and launched in October, 2017 to increase awareness of the industry's comprehensive equine health and safety initiatives.

Cal Racing Cares includes a website (Calracingcares.com), video and digital content that detail extensive equine safety and welfare measures, thoroughbred aftercare, training and veterinary policies. An introductory video was produced featuring interviews with regulators (including CHRB Chairman Winner and Commissioner Auerbach), veterinarians, grooms and others who work behind the scenes and are responsible for the daily care and monitoring of horses in training.

Cal Racing Cares will release an additional video this year including an in-depth look at thoroughbred retirement and aftercare in the state.

CalRacing Website

CalRacing.com is considered one of the most useful websites in racing. Highlights of the site include a statewide carryover alert status; an interactive statewide facility map with direct links to California tracks, satellites, mini satellites and casinos; a California trainer database; and a statewide searchable stakes schedule. The site continues to receive positive feedback as the centralized source for California racing. The board is currently in discussion to embark on an overall upgrade to the existing site. Funding would come from CMC reserves in 2018.

Free race replays continue to be offered on CalRacing on a next day basis, while live video streaming is now being offered through Roberts Television Network (RTN) via a link on CalRacing.

A variety of streaming packages are available to customers including a base package for \$12 per year for standard definition live streaming of California thoroughbred races. For \$60 per year a customer receives high definition live streaming of California thoroughbred races and immediate replays of all California thoroughbred races. Other packages are available.

Administration

Administrative expenses include Directors and Officers insurance, Accounting services and Auditing, Operating expenses, Legal expenses, and Management Fees.

STAFF ANALYSIS
PUBLIC HEARING AND ACTION BY THE BOARD REGARDING THE PROPOSED
AMENDMENT TO CHRB RULE 1699, RIDING RULES, TO ESTABLISH A MINIMUM
SUSPENSION PENALTY FOR A JOCKEY RIDING CONTRARY TO RULE 1699

Regular Board Meeting
February 22, 2018

ISSUE

At its August 2017 Regular Meeting, the Board directed staff to initiate a rulemaking procedure to amend Rule 1699, Riding Rules. The proposed amendment would address concerns about a lack of uniformity in jockeys' suspensions by establishing a minimum suspension penalty for jockeys riding contrary to the regulation.

ANALYSIS

Rule 1699 currently provides that a jockey who rides contrary to the rule may be suspended or otherwise disciplined by the stewards. The regulation also requires a greater penalty if a jockey commits more than one infraction within any contiguous 60 day calendar period, or jeopardizes the safety of another horse or rider. However, the rule does not provide a minimum penalty. While the rule allows each Board of Stewards to exercise their discretion in assessing initial or subsequent penalties against jockeys for riding infractions, it also may result in a lack of uniformity in such penalties. The proposed amendment to Rule 1699 provides that a jockey who rides in a manner contrary to the regulation in a careless or willful manner, or who strikes or strikes at another horse or jockey, may be disciplined by the stewards with a suspension of two riding-days. The stewards shall issue a penalty greater than the minimum if the jockey has committed more than one riding infraction within a contiguous 60 day calendar period, or the infraction, in the opinion of the stewards, jeopardized the safety of another horse or jockey. The proposed amendment to Rule 1699 will address the issue of uniformity by establishing a minimum penalty for an initial infraction and by ensuring a subsequent penalty is greater than the minimum.

BACKGROUND

Business and Professions Code section 19461 provides that every license granted under this chapter is subject to suspension or revocation by the Board in any case where the Board has reason to believe that any condition regarding it has not been complied with, or that any rule or regulation of the Board affecting it has been broken or violated. Business and Professions Code section 19562 states the Board may prescribe rules, regulations, and conditions, consistent with the provision of this chapter, under which all horse races with wagering on their results shall be conducted in this state.

RECOMMENDATION

This item is presented for Board discussion and action. No comments were received during the 45 day public comment period.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 8. RUNNING THE RACE
PROPOSED AMENDMENT OF
RULE 1699. RIDING RULES.

Regular Board Meeting
February 22, 2018

1699. Riding Rules.

During the running of the race:

(a) A horse shall not interfere with any other horse. Interference is defined as bumping, impeding, forcing or floating in or out or otherwise causing any other horse to lose stride, ground, momentum or position.

(b) A horse which interferes with another as defined in subsection (a) may be disqualified and placed behind the horse so interfered with if, in the opinion of the Stewards, the horse interfered with was not at fault and due to the interference lost the opportunity for a better placing.

(c) Jockeys shall not ride carelessly, or willfully, so as to permit their mount to interfere with any other horse.

(d) Jockeys shall not strike or strike at another horse or jockey so as to impede, interfere with, intimidate, or injure.

(e) If a jockey rides in a manner contrary to this rule, the mount may be disqualified and the jockey may be suspended or otherwise disciplined by the Stewards.

(f) When ~~penalizing~~ suspending a jockey for riding contrary to this rule, the Stewards shall issue a minimum suspension of two riding days, and shall issue a suspension greater than the minimum penalty for (1) more than one infraction of this rule by the jockey within any contiguous 60 day calendar period or (2) any infraction which, in the opinion of the stewards, jeopardized the safety of another horse or jockey.

Authority: Section 19562,
Business and Professions Code.

Reference: Sections 19461 and 19562,
Business and Professions Code.

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM
NORTHERN CALIFORNIA OFF TRACK WAGERING, INC. (NCOTWINC) TO MODIFY
THE DISTRIBUTION OF MARKET ACCESS FEES FROM ADVANCE DEPOSIT
WAGERING (ADW) AS PERMITTED UNDER BUSINESS AND PROFESSIONS CODE
SECTION 19604(F)(5)(E) FOR WAGERING CONDUCTED BY THOROUGHBRED
ASSOCIATIONS IN THE NORTHERN ZONE FROM
FEBRUARY 1, 2018 THROUGH DECEMBER 31, 2018

Regular Board Meeting
February 22, 2018

ISSUE

Northern California Off Track Wagering, Inc. (NCOTWINC) is seeking an approval of an agreement under Business and Professions Code section 19604(f)(5)(E) for the period February 1, 2018 through December 31, 2018, which will modify market access fee distributions for advance deposit wagering (ADW) wagers placed in the Northern zone on races hosted by the signatory host tracks. The parties to the agreement include Pacific Racing Association (PRA) and Thoroughbred Owners of California (TOC).

ANALYSIS

NCOTWINC is seeking an approval of a modified agreement between PRA and TOC for the period February 1, 2018 through December 31, 2018. The agreement provides for a distribution of market access fees from ADW as permitted under Business and Professions Code section 19604(f)(5)(E) for wagering conducted by thoroughbred associations in the Northern Zone.

In December 2016, the Board approved a request from NCOTWINC for an agreement between PRA and TOC for the calendar year 2017. The agreement provided for a distribution of market access fees from ADW at a rate of 2.9 percent as permitted under Business and Professions Code section 19604(f)(5)(E) for wagering conducted by thoroughbred associations in the Northern Zone. At its January 2018 Regular Meeting the Board preapproved an agreement to commence February 1, 2018, with a market access rate of up to 3.5 percent, pending an agreement by the parties. The parties requested an increase in the rate because the 2018 racing year had begun without an agreement in place. The proposed increase in the rate would provide compensation for the period without market access fees from ADW.

BACKGROUND

Business and Professions Code section 19604(f)(5)(E) provides that notwithstanding any provision of this section to the contrary, the distribution of market access fees pursuant to this subparagraph may be altered upon the approval of the Board, in accordance with an agreement signed by all parties whose distributions would be affected.

RECOMMENDATION

This item is presented for Board discussion and action. Staff recommends the Board hear from a NCOTWINC representative.

CALIFORNIA HORSE RACING BOARD

FEBRUARY 22, 2018
REGULAR BOARD MEETING

There is no board package material for Item 8