

## STAFF ANALYSIS

### DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM THE NORTHERN CALIFORNIA OFF TRACK WAGERING INC. (NCOTWINC) ON THE AGREEMENT TO USE MARKET ACCESS FEES FOR SIMULCAST EXPENSES NOT COVERED BY STATUTORY DEDUCTION.

Regular Board Meeting  
June 19, 2025

#### ISSUE:

Northern California Off-Track Wagering (NCOTWINC) requests that the Board review and approve the 2025 Northern California Expense Fund Agreement (Agreement). The purpose of the Agreement is to authorize an additional 1.06% deduction from ADW wagers placed in the Northern Zone to help offset simulcast expenses not fully covered by existing statutory deductions.

#### 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.

NCOTWINC operates eight satellite wagering facilities in the Northern Zone pursuant to Business and Professions Code Section 19608.2. Under Section 19605.7(a)(2)(B), the Organization is authorized to deduct 2.5% from pari-mutuel wagers to fund simulcast-related expenses. However, this amount has proven insufficient to cover the full cost of simulcast operations.

Section 19531(d)(3) provides a funding mechanism for simulcast operations in the Northern Zone during periods when Southern Zone associations serve as the host. In addition, Section 19604(f)(5)(E) authorizes a deduction from ADW wagers—commonly referred to as the ADW Market Access Fee Deduction—which may be used to supplement funding for simulcast expenses.

#### ANALYSIS:

The proposed 2025 Northern California Expense Fund Agreement specifies the terms under which this deduction will be applied to ADW wagers in the Northern Zone. The funds collected through this mechanism will be used exclusively to cover the portion of simulcast expenses not met by the 2.5% statutory deduction. If approved, the Agreement will bring the total ADW Market Access Fee Deduction to 3.56% for ADW wagers placed in the Northern Zone.

#### RECOMMENDATION:

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

### 2025 Northern California Expense Fund Agreement

This Agreement is entered into as of this 6 day of June, 2025 by and between the undersigned racing associations (“the Signatory Racing Associations”) and the Thoroughbred Owners of California (“TOC”).

IT IS HEREBY AGREED AS FOLLOWS:

1. The distribution of Market Access fees from Advanced Deposit Wagering, (“ADW”) placed on races deemed to be hosted by the Signatory Racing Associations shall be altered by the creation of an additional deduction for a distribution therefrom based upon 1.06% of ADW in the Northern Zone that would otherwise be distributable as thoroughbred purses and commissions, and such deduction from ADW in the Northern Zone shall be payable to Northern California Off-track Wagering Inc.
2. The parties shall immediately file this Agreement with the CHRB for the purposes of securing its approval of the deduction contemplated from market access fees placed on races hosted by the Signatory Racing Associations.
3. Subject to the requisite approval of the CHRB, the deduction from ADW set forth in #1 above shall be effective July 1, 2025 through June 30, 2026.

Thoroughbred Owners of California

By: DocuSigned by:  
*William D. Mader*  
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Los Alamitos Racing Association

By: DocuSigned by:  
*Cathy Allred*  
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Del Mar Thoroughbred Club

By: DocuSigned by:  
*Josh Rubinstein*  
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Los Angeles Turf Club

By: DocuSigned by:  
*Nate Newby*  
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Los Angeles County Fair

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*Cathy Allred*  
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