STAFF ANALYSIS

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST TO MODIFY THE DISTRIBUTION OF MARKET ACCESS FEES FROM ADVANCED DEPOSIT WAGERING FOR WAGERING CONDUCTED BY THE SIGNATORY RACING ASSOCIATIONS FOR 2027 TO INCLUDE A DISTRIBUTION TO BE UTILIZED TO FUND A CALIFORNIA CO-OP MARKETING PROGRAM

Board Meeting
November 18, 2026

ISSUE

Approval of a Co-Op Marketing Funding Agreement between the Thoroughbred Owners of California (TOC) and Los Angeles Turf Club (LATC) modifying the distribution of advance deposit wagering market access fees for designated 2027 race dates.

BACKGROUND

Business and Professions Code (BPC) section 19604(f)(5)(E) authorizes the Board to approve agreements that alter the statutory distribution of market access fees when signed by all affected parties. The TOC and LATC have entered into a proposed agreement to fund cooperative marketing programs through a modification of market access fee distributions.

ANALYSIS

Under the proposed agreement, 0.39 percent of applicable advance deposit wagering handle on races hosted by LATC would be redirected from market access fee distributions to support cooperative marketing activities. The agreement also provides for distributions to cover certain administrative expenses. The parties indicate that the agreement will continue marketing initiatives previously supported through the California Marketing Committee.

RECOMMENDATION

Staff recommends approval of the proposed 2027 Co-Op Marketing Agreement between the TOC and LATC.

Attachment: (1) Coop Marking Funding Agreement

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Coop Marketing Funding Agreement

This Agreement is entered into as of this 3 day of November 2026 by and between the undersigned racing associations ("the Signatory Racing Associations") the Thoroughbred Owners of California ("TOC").

IT IS HEREBY AGREED AS FOLLOWS:

1. The distribution of Market Access fees from California resident Advanced Deposit Wagering, ("ADW") placed on all live and imported races hosted by the Signatory Racing Associations shall be altered by the creation of an additional deduction for a distribution therefrom, based upon a percentage of handle in the applicable California zones that would otherwise be payable as thoroughbred purses and track commissions. The deduction from ADW market access fees shall be utilized to fund a coop marketing program. The deduction percentage of ADW handle in the applicable zones for each host shall be:

   Los Angeles Turf Club race meets 0.39%

   Such deduction shall not apply to wagers on any racetrack whose blended takeout is less than 15% for the applicable calendar month. All separately pooled wagers (i.e., non-commingled wagers), regardless of the racetrack on which they are placed, shall constitute a single racetrack for purposes of this provision.

2. The parties shall immediately file this Agreement with the CHRB for the purposes of securing its approval of the deductions contemplated from market access fees placed on races hosted by the Signatory Racing Associations which is permitted pursuant to Business and Professions Code Section 19604 (f)(5)(E).

3. Subject to the requisite approval of the CHRB, the deduction from ADW set forth in #1 for Los Angeles Turf Club shall be effective January 1, 2027, through June 22, 2027, September 22, 2027, through November 2, 2027, and December 22, 2027 through December 31, 2027.

4. In addition to the distributions set forth above, there shall be a distribution from the ADW Deduction in order to pay administrative expenses that would otherwise have been distributed to TOC, CTT, and the Backstretch Workers Pension Plan.

Thoroughbred Owners of California

By: DocuSigned by: Bill Nader 20CE9094162E418...

Los Angeles Turf Club

By: DocuSigned by: Nate Newby 154C9657C7A9454...