STAFF ANALYSIS

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST TO CONTINUE THE DISTRIBUTION OF MARKET ACCESS FEES FROM ADVANCED DEPOSIT WAGERING FOR WAGERING CONDUCTED BY THOROUGHBRED ASSOCIATIONS IN THE CENTRAL AND SOUTHERN ZONES FOR 2027, TO INCLUDE DISTRIBUTIONS TO SOUTHERN CALIFORNIA OFF-TRACK WAGERING INC.

Board Meeting

November 18, 2026

ISSUE

Approval of an agreement modifying the distribution of advance deposit wagering market access fees for calendar year 2027 to provide distributions to Southern California Off Track Wagering, Inc. (SCOTWINC).

BACKGROUND

Business and Professions Code section 19604(f)(5)(E) authorizes the Board to approve agreements that alter the statutory distribution of market access fees when signed by all parties whose distributions would be affected. The proposed agreement is among Thoroughbred Owners of California (TOC), California Thoroughbred Breeders Association (CTBA), and the Southern California thoroughbred host tracks scheduled to conduct racing in 2027 and provides for distributions to SCOTWINC.

ANALYSIS

Since December 2018, the Board has annually approved ADW Expense Fund Agreements providing distributions to SCOTWINC. The most recent approval occurred at the November 19, 2025 Board meeting for calendar year 2026. The parties to the proposed agreement seek approval of a 2027 agreement that would continue the same distribution percentages in effect for calendar year 2026.

- 2.40% of Southern California ADW wagering for meets hosted by Del Mar Thoroughbred Club and Los Alamitos Racing Association.
- 2.00% for autumn meets hosted by Los Angeles Turf Club.
- 1.70% for winter/spring meets hosted by Los Angeles Turf Club.

RECOMMENDATION

Staff recommends approval of the proposed 2027 Expense Fund Agreement.

ATTACHMENTS

1. 2027 Expense Fund Agreement Attached.

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2027 Expense Fund Agreement

This Agreement is entered into as of this 30th day of October, 2026 by and between the undersigned racing associations ("the Signatory Racing Associations") the Thoroughbred Owners of California ("TOC") and the California Thoroughbred Breeders Association ("CTBA").

IT IS HEREBY AGREED AS FOLLOWS:

1. The distribution of Market Access fees from 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 Central and Southern Zones that would otherwise be payable as thoroughbred purses and commissions, and such deduction from ADW in the Central and Southern Zones shall be payable to SCOTWINC. The percentage applicable to Thoroughbred meets conducted by the Del Mar Thoroughbred Club and Los Alamitos Racing Association shall be 2.40%, the percentage applicable to the Autumn meet conducted by the Los Angeles Turf Club shall be 2.00%, and the percentage applicable to the Winter/Spring meet conducted by the Los Angeles Turf Club shall be 1.70%. Such deductions 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-comingled 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 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 January 1, 2027 through December 31, 2027.

4. For purposes of matching the applicable revenue and expenses of SCOTWINC, the Summer and Fall Thoroughbred meets of Los Alamitos shall be considered a single meet, as shall be the case with respect to the Summer and Fall meets of Del Mar and the Fall and Winter meets of Santa Anita.

5. Notwithstanding the distributions from the ADW Deduction set forth hereinabove, the distribution to the Incentive fund administered by the CTBA shall be calculated at the rate of 0.463% of ADW handle in California on races hosted by the Signatory Racing Associations. 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.

6. The Signatory Racing Associations and TOC agree to jointly continue to work toward improving the productivity and efficiency of the off-track satellites and SCOTWINC.

Thoroughbred Owners of California

By: DocuSigned by: William A. Nader 20CE0094162E418...

Los Alamitos Racing Association

By: DocuSigned by: Rick English 9F115712B6A9474...

Del Mar Thoroughbred Club

By: DocuSigned by: Josh Rubinstein 03A7459DCBF14DC...

Los Angeles Turf Club

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

California Thoroughbred Breeders Association

By: DocuSigned by: B57E69712ACD45B...