

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
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REGULAR MEETING

Notice is hereby given that a meeting of the California Horse Racing Board will be held on **Thursday, September 22, 2005**, commencing at **9:00 a.m.**, at the **Hind's Pavilion (Barrett's), Fairplex Park (enter White Avenue Gate 12), Pomona, California.** **The meeting will open at 9:00 a.m., then the Board will adjourn into Executive Session with the regular meeting commencing at approximately 9:30 a.m.**

AGENDA

Action Items:

1. Discussion and action by the Board on the **approval of the minutes of the regular meeting of August 18, 2005.**
2. Report of the **Race Dates Committee**
Commissioner Richard Shapiro, Chairman
Commissioner John Sperry, Member
3. Discussion and action by the Board on the **race dates for 2006.**
4. Public hearing by the Board on the **repeal of CHRB Rules:**
 - A. 1959.5 – Special Sweepstakes
 - B. 1959.6 - Limited Sweepstakes
 - C. 1959.7 – Pick Seven
 - D. 1959.8 – Pick 6 One Pool
 - E. 1976.5 – Special Unlimited Sweepstakes
 - F. 1976.7 – Special Reserved Unlimited Sweepstakes
5. Discussion and action by the Board on the request of the Del Mar Thoroughbred Club to **distribute charity racing proceeds in the amount of \$179,100 to 23 beneficiaries.**
6. Public hearing by the Board on the **adoption of the regulatory amendment to CHRB Rule 1977 – Pick Three.**
7. Discussion and action by the Board regarding the **appropriate ownership and disposition of the Impact Fee Escrow Account** held by the CHRB. The California Harness Horsemen's Association is requesting that the funds in the Escrow Account be released for use as purses.

8. Discussion and action by the Board on the **transfer of unpaid promotional monies from the 1997 through 2000 harness meets at Los Alamitos** to the California Harness Horsemen's Association for purses.
9. Staff report on the following concluded race meets:
 - A. **Capitol Racing** at Cal-Expo from January 7 through July 30, 2005.
 - B. **Sonoma County Fair** at Santa Rosa from July 27 through August 8, 2005.
 - C. **San Mateo County Fair** at Bay Meadows from August 10 through August 22, 2005.
 - D. **Humboldt County Fair** at Ferndale from August 11 through August 21, 2005.

Other Business

10. **General Business:** Communications, reports, requests for future action of the Board.
11. **Old Business:** Issues that may be raised for discussion purposes only, which have already been brought before the Board.
12. **Executive 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. Personnel.
 - B. Board may convene an Executive Session to consider any of the attached pending litigation.
 - C. The Board may also convene an Executive Session to consider any of the attached pending administrative licensing and disciplinary hearings.

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

CALIFORNIA HORSE RACING BOARD

John C. Harris, Chairman
William A. Bianco, Vice Chairman
Sheryl L. Granzella, Member
Marie G. Moretti, Member
Jerry Moss, Member
Richard B. Shapiro, Member
John C. Sperry, Member
Ingrid Fermin, Executive Director

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Del Mar Satellite Wagering Facility**, 2260 Jimmy Durante Boulevard, Del Mar, California, on **August 18, 2005**.

Present: John C. Harris, Chairman
William A. Bianco, Vice-Chairman
Sheryl L. Granzella, Member
Marie G. Moretti, Member
Jerome S. Moss, Member
Richard B. Shapiro, Member
John C. Sperry, Member
Ingrid Fermin, Executive Director
Derry Knight, Deputy Attorney General

MINUTES

Chairman Harris asked for approval of the minutes of the Regular Meeting of June 30, 2005.

Commissioner Moss **motioned** to approve the minutes. Commissioner Moretti **seconded** the motion, which was **unanimously carried**. Chairman Harris asked for approval of the minutes of the Regular Meeting of July 21, 2005. Commissioner Moss **motioned** to approve the minutes. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

REPORT BY THE CALIFORNIA ANIMAL HEALTH AND FOOD SAFETY LABORATORY (UCD) ON THE POST-MORTEM PROGRAM.

Dr. Susan Stover of the University of California at Davis (UCD) California Animal Health and Food Safety Laboratory gave an overhead presentation regarding the Post-mortem Program (program). Dr. Stover spoke about the importance of the post-mortem program to the horse racing industry and reviewed its origins and past findings. Dr. Stover stated recent key findings of the program included an understanding that injuries resulted from activities over a period of time rather than one bad step. She stated the findings were leading to new ways of

detecting injuries at a point where they could be repaired and the horse could continue racing. In addition, Dr. Stover reviewed the program's findings regarding toe grabs. She stated the current recommendation regarding toe grabs was to avoid the use of regular and high toe grabs as the trend showed horses were at a higher risk for severe or fatal injury, and from laying up, if toe grabs were on the shoes. Chairman Harris praised the program and said there could be a lot of side benefits to the general health and racing soundness of the horse. He asked if there was an advisory board that helped disseminate the program's findings to horsemen. Dr. Stover said the program had an advisory board that met at least yearly. She stated it acted as a mechanism to publicize the program's findings. Commissioner Shapiro asked if Dr. Stover had any thoughts on what could be done to minimize injury to the horse. Was anyone looking at medications, and was there other data that was useful? Dr. Stover said the program was looking at track surfaces and exercise history. The program was also attempting to look at medication levels related to injury. The problem was that most horses were on medication such as nonsteroidal anti-inflammatory drugs, so there were no control horses, or comparison group. Dr. Scott Stanley of UCD said the study of medication was on going. The information had only recently been assembled, and more samples were going to be tested. He stated as the information was compiled, there would be other findings. Chairman Harris said he hoped there would be a way to compile the medical history of horses so the program could look at how medication might contribute to injuries. Dr. Stanley stated the Board's Medication Committee recently discussed compiling such information so the program could utilize it to make connections. Commissioner Shapiro asked if there were bone scans that were available to evaluate horses and make predictions before there was a fatal breakdown. Dr. Stover said

there were procedures, but it was not a matter of using a bone scan on all horses that might run. She stated the more that was learned about the injuries, the better equipped veterinarians and trainers would be to identify the physical characteristics history and physical signs. Then a bone scan could be requested if they found the horse could be treated appropriately.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION TO CONDUCT A HORSE RACING MEETING OF THE OAK TREE RACING ASSOCIATION (T) AT SANTA ANITA, COMMENCING SEPTEMBER 28 THROUGH NOVEMBER 6, 2005, INCLUSIVE.

Assistant Executive Director Roy Minami said Oak Tree Racing Association (OTRA) proposed to run 31 days, five more than 2004, for a total of 262 races. He stated the first post time would be 1:00 p.m. Wednesday and Thursday, 2:30 p.m. Friday and 12:30 p.m. weekends and holidays. The wagering program would be offered using CHRB regulations. Mr. Minami stated the application was complete and staff recommended approval as presented. Commissioner Shapiro asked if OTRA proposed to run a six-day week the week of October 9. Mr. Minami said OTRA would be dark on the Columbus Day holiday, so it would run a six-day week. Commissioner Sperry **motioned** to approve the application to conduct a horse racing meeting of OTRA. Commissioner Granzella **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION TO CONDUCT A HORSE RACING MEETING OF THE FRESNO DISTRICT FAIR (F) AT FRESNO COMMENCING OCTOBER 5 THROUGH OCTOBER 16, 2005, INCLUSIVE.

Assistant Executive Director Roy Minami said the Fresno District Fair (FDF) proposed to run 11 days, one more than 2004, for a total of 92 races, one more than 2004. The first post time would be 12:37 p.m. Saturday and Sunday, 1:30 p.m. Friday and 1:15 p.m. Monday, Wednesday and Thursday. The wagering program would be offered using CHRB regulations. Mr. Minami said the application was complete and staff recommended approval as presented. Chairman Harris asked if there were any physical improvements at the FDF. Daniel White of FDF said the track surface was being improved, as well as landscaping. In addition, the barns were painted and landscaping added to the paddock area. Commissioner Sperry **motioned** to approve the application for license to conduct a horse racing meeting of FDF. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION TO CONDUCT A HORSE RACING MEETING OF THE PACIFIC RACING ASSOCIATION (T) AT GOLDEN GATE FIELDS, COMMENCING OCTOBER 19, 2005, THROUGH JANUARY 29, 2006, INCLUSIVE.

Assistant Executive Director Roy Minami said Pacific Racing Association (PRA) proposed to run 73 days for a total of 620 races. The first post time would be 12:45 p.m., daily, and 11:00 p.m. on November 24. Mr. Minami said PRA requested administrative approval to conduct more than an average of 8.5 races each day if the horse population permitted. He added the dates of December 26, 2005, through January 29, 2006, had not been allocated. Mr. Minami stated the application was complete, and staff recommended approval as presented. Commissioner Shapiro **motioned** to approve the application for license to conduct a horse

racing meeting of PRA. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE FOLLOWING MATTERS RELATING TO HOLLYWOOD PARK:

- A. DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST BY THE BAY MEADOWS LAND COMPANY ON THE PURCHASE OF HOLLYWOOD PARK, PURSUANT TO BUSINESS AND PROFESSIONS CODE SECTION 19483 AND 19484.**
 - B. DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION TO CONDUCT A SIMULCAST WAGERING FACILITY AT HOLLYWOOD PARK BY STOCKBRIDGE HP FALL RACING ASSOCIATION, COMMENCING ON OR ABOUT SEPTEMBER 24, 2005.**
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John Reagan, CHRB staff, said the future owners of Hollywood Park (HP) were requesting that the Board find that ownership of two racetracks by a single entity would be beneficial to the State of California pursuant to Business and Professions (B&P) Code Sections 19483 and 19484. Jack Liebau of Bay Meadows Land Company (BMLC) explained the structure and major ownership of the Stockbridge Fund 1, and Stockbridge Fund 2, the proposed owners of HP. In addition, he talked about the purchasing process and stated there were other parties interested in HP who were not concerned with the future conduct of horse racing at the facility. Mr. Liebau said BMLC believed horse racing law would be better served by the Board's approval of the HP purchase as it would allow the racetrack to continue operating. Commissioner Moretti asked what assurances the Board had that BMLC would continue operating in California, and what changes would BMLC make at HP that had not been made to turn around horse racing at the venue? Mr. Liebau said the installation of a poly-track at HP was an indication that racing would continue at the facility. In addition, the initiation of a three-year racing calendar would keep the track operating if it received appropriate dates. He

added BMLC had a record of making improvements at its facility at Bay Meadows. Mr. Liebau stated BMLC intended to do the same at HP if allowed. Commissioner Shapiro asked if the poly-track surface was contingent upon gaming. Mr. Liebau said it was not. Commissioner Shapiro asked what other improvements and marketing plans were going to be made at HP. Mr. Liebau said he was not in a position to answer Commissioner Shapiro's questions, as the sale of HP did not close until September 23, 2005. He said the same questions were asked regarding the Bay Meadows facility, where a record of effective marketing and improved facilities had since been established. Mr. Liebau stated he hoped the same record would be established at HP. Regarding Horse Racing Law being better served: Mr. Liebau said some of the parties interested in HP were not interested in horse racing, and by approving the purchase, the Board would ensure HP would continue to operate for some period of time. Commissioner Shapiro asked what assurances the Board had regarding the capitalization of the general partner. Mr. Liebau said there would be approximately 100 million dollars in equity in HP. He stated that was one gauge of financial responsibility. In addition, a deposit of one million dollars was placed in the entity that would run satellite wagering at HP. Mr. Liebau stated if the Board did not feel that amount was adequate, it could condition the license on a greater amount. Finally, when HP applied for its fall meeting, the Board would again be in a position to look at financial responsibility. Vice-Chairman Bianco **motioned** to approve the request by BMLC regarding the purchase of HP pursuant to B&P Code Section 19483 and 19484. Commissioner Moretti **seconded** the motion, which was **unanimously carried**. Mr. Reagan said the Hollywood Park Racing Association was applying to operate the simulcast wagering facility at HP once the purchase of the facility was completed

on September 23, 2005. Commissioner Sperry asked if the application was conditioned on the running of a live meeting. Mr. Liebau said the problem was that the new entity was not previously licensed to conduct a race meeting. Therefore, it had to be licensed separately as a satellite wagering facility, and it would then present the Board with an application to run a 2005 fall meeting. Commissioner Shapiro **motioned** to approve the application to conduct a simulcast wagering facility at HP by Stockbridge HP Fall Racing Association, whose name was changed to Hollywood Park Racing Association, conditioned on the conclusion of the sale of HP. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE PROCEDURES FOR SUSPENSIONS RELATIVE TO AMOUNT OF TIME AVAILABLE TO REQUEST STAYS FROM THE CHRB OR COURTS.

Chairman Harris said if the stewards took an action against a licensee, that licensee had the right to appeal the steward's decision and request a stay at the same time. He stated he was concerned that the start date of suspension provided time to request an appeal or a stay. If a jockey were suspended on a Thursday, the suspension could start on a Saturday. However, the problem was that entries for Saturday were Thursday, so the jockey would in effect be denied his right to appeal. Chairman Harris said if he did not give a stay, should a licensee still have time to go to the courts? Dennis Nevin, CHRB steward, said suspension days were historically given on the next entry day. The process was subsequently modified to give the licensee time to request an appeal from the Board Chairman or the courts. Mr. Nevin said the process had been abused, and the stewards felt the industry standards should be reinstated. That would mean suspensions for riding infractions would start on the next entry day. He stated the

stewards were advising licensees to proceed directly to the CHRB office and request an appeal. Licensees were also advised they could receive a stay and be allowed on horses. Mr. Nevin stated the stewards, riders and the Jockeys' Guild (Guild) were in favor of reinstating the standards because of the abuses that had taken place. He added, as an example, that some riders accumulated as many as seven riding suspensions, then elected to drop their appeals when it was convenient for them to take a month or two off. Mr. Nevin said suspension served two purposes. They were punitive actions regarding past incidents, and they were deterrents for other riders. The stewards believed if they should take immediate action against riders who did not ride in the best interests of the sport, but would follow the dictates of the Board if it decided otherwise. Chairman Harris said the Board was interested in a system that was fair and equitable. He stated he agreed suspensions should not be taken lightly, and asked Deputy Attorney General (DAG) Derry Knight to explain the appeal process. DAG Knight said a licensee had 72 hours to appeal a steward's decision. If the decision fell on a weekend, the deadline ran to the following Monday. A stay would be granted only pending an appeal. In practice, the appeal was first, as a stay was not granted on a decision that was not appealed. Mr. Knight said the statute stated a stay could be granted if the facts justified it, and the Board's rule required submission of facts and justification for a stay. The stay also did not carry a presumption of the outcome of an appeal. In addition, a stay could be withdrawn at any time, which provided flexibility. If a stay was denied, the respondent could go to the courts. Most courts would require a 24-hour notice. Commissioner Shapiro said he supported the stewards' position. He stated the Board should require an appeal first, and not have suspensions become effective less than 72 hours from the next entry day. If a horse were

entered the next day the owner and trainer would not be disadvantaged by not being able to use the jockey. Executive Director Ingrid Fermin said the process was handled as expeditiously as possible. However, during the hearing, a rider will often admit he made a mistake and deserved a suspension, then appeal the decision. She stated the appeal would not be due to an injustice, but rather because of an inconvenience. Riders would often drop the appeal prior to the hearing. On a number of occasions, riders have not appeared after the hearing officer and court reporter were present. Such incidents were costly to the Board. Commissioner Moretti asked how prevalent abuse of the system was. Mr. Nevin said at the current meeting seven riding infractions received sanctions, and one resulted in a stay and court action. Commissioner Shapiro asked if delaying the sanctions would serve the same purpose. Mr. Nevin said over the years several approaches had been tried, so the stewards would abide by any decision of the Board. Commissioner Sperry asked if the stewards had a consensus regarding the best approach to the issue. Mr. Nevin said the stewards preferred a system where the next day's entrance would be the first day of suspension. Chairman Harris said the system was contrary to the 72-hour approach, and probably had a lot of unintended consequences. DAG Knight said the 72-hour timeline was the statutory time to file an appeal. It had nothing to do with when a suspension would begin. If, for example, a suspension were to start two days after the hearing, the decision could still be appealed. He added the suspension could go into effect the day it was given. Chairman Harris said the 72-hour delay was a matter of fairness. It gave licensees time to file and appeal and ask for a stay, or go to the courts. Darrell Haire of the Guild said he believed a 72-hour delay in the start of a suspension was a good compromise. It gave owners and trainers time to find another rider and

provided time to file an appeal and ask for a stay. Mr. Haire stated appeals of hearings should be expedited. The current wait was two to three months, but a week or ten days would be better. Ed Halpern of California Thoroughbred Trainers (CTT) said he believed the 72-hour delay provided access to the legal system and gave owners and trainers time to make other arrangements. Drew Couto of Thoroughbred Owners of California (TOC) said he agreed the wait should be three to four days. Chairman Harris said 72 hours from the next entry day would be fair. He also agreed the hearing process needed to be faster. Commissioner Moss asked about the current time-line on hearings. Assistant Executive Director Roy Minami said once an appeal was made staff scheduled an administrative appeals judge through the Office of Administrative Hearings (OAH). The time-line was then dependent on the schedule of the presiding judge of OAH, availability of judges and the assigned judge's workload. Mr. Minami said sometimes the OAH could accommodate a request for an expedited hearing, but as the OAH conducted hearings through all state agencies, there could be a backlog of cases. Chairman Harris asked if the hearings could go right to the Board. DAG Knight said that was possible, but they would have to be noticed as a public meeting. He recommended the Board use an administrative law judge to police such meetings, and stated that could be time consuming. Chairman Harris said the Board needed to look at a way to expedite the process. He commented one problem was the courts granting stays. DAG Knight said the judges had broad discretion to grant stays, but strong opposition from the Board could impact such decisions. Mr. Minami said generally, the Board was given 24 hours notice of the date, time and location of the court. Staff attempted to locate a DAG at the location and brief him. Usually, a DAG familiar with horse racing cases was provided. Commissioner Shapiro

motioned to establish a Board policy that suspensions would commence 72 hours from the next entry day, and a complete statement giving reasons must be filed to seek a stay. Vice-Chairman Bianco **seconded** the motion. DAG Knight said for an appeal the licensee only had to state, "I appeal." However, for a stay, the licensee had to state why. Mr. Dougherty of CTT said the policy dealt with persons who were seeking a stay. What if there was no stay sought? Chairman Harris said it did not matter if a stay was sought. The policy provided a certain date for the start of the suspension. DAG Knight said the Administrative Procedures Act provided that disciplinary matters on licensees started 30 days after the decision was issued unless otherwise provided. The Board was setting a certain date that would always be that way. The motion was **carried** with Commissioner Sperry voting "no." Commissioner Sperry said he voted against the motion because he believed the start date should be uniform; 72 hours, period. He stated a race might be drawn the day after a hearing, or four days after the hearing.

DISCUSSION AND ACTION BY THE BOARD ON THE NEED FOR ADEQUATE CAMERA VIEWS/ANGLES OF RACING, PARTICULARLY THE HEAD-ON CAMERA SHOT OF THE TURF COURSE AT DEL MAR.

Chairman Harris said the accuracy of cameras and their angles at Del Mar Thoroughbred Club (DMTC) were a concern. In addition, the lack of a head-on camera at the turf course was also of concern. He asked DMTC for an up-date on the cameras. Craig Fravel of DMTC said there was a head-on camera on the turf course. He stated it was a remote camera on a pole. It was recently moved to a location that would provide a better head-on shot. Mr. Fravel said early in the meeting there were some problems with the digital recording equipment. The

problem was fixed so all of the cameras were on digital recorders and could be reviewed simultaneously by the stewards. Mr. Fravel stated the reason DMTC did not have the same quality camera at the head-on position was that the barns on that side of the track were slated to be demolished and new construction would begin in September, 2005. He said it did not make sense to spend \$150,000 on a tower for the camera when it would shortly be torn out and replaced. At the 2006 DMTC meeting, the camera would be replaced with one comparable to the other cameras currently in use. Chairman Harris asked if TVG had access to the head-on camera. Mr. Fravel said TVG should have access to the camera. He stated the problem was that the camera was on a manual recording system early in the meeting, but that had been fixed.

REPORT FROM SCIENTIFIC GAMES RACING ON THE STATUS OF IMPLEMENTING THE ALTERNATE RUNNER SELECTION OPTION FOR THE PICK (N) WAGER.

Dave Payton of Scientific Games (SG) said the alternate runner was installed, fully tested and put back on line at Del Mar Thoroughbred Club on August 8, 2005. He stated the program would be available at Los Alamitos Race Course on August 18, 2005. Chairman Harris asked if California was the only jurisdiction offering the alternate runner selection. Mr. Payton said no other racing jurisdiction offered the selection. He stated no one had contacted SG regarding the option, but he believed Las Vegas Dissemination Company was interested, as it offered the selection in the past.

UPDATE ON THE STATUS OF THE CAPITOL RACING PURSE ACCOUNT.

John Reagan, CHRB staff, said there were a number of outstanding items in the analysis of the recently concluded Capital Racing (CR) meeting. Mr. Reagan said the items could not be resolved until the ongoing litigation was completed. Commissioner Shapiro asked if the promotion fund monies were redistributed back to the purses. Mr. Reagan stated the Board directed CR to adjust its purses accordingly and it did not comply. Steve Bieri of CR said his organization did not adjust the purses because it believed the Board acted in error and took legal action. If the Board's actions were upheld, CR would adjust the purses. Commissioner Shapiro said he did not think litigation would impede CR from complying with the Board's dictates. Mr. Bieri said his legal advice directed his actions. Commissioner Shapiro said CR filed a lawsuit against the Board contesting its decision, which was its right. It did not, however, produce a temporary restraining order, and was in conflict with the Board's direction that the monies should be distributed to the horsemen. Chairman Harris asked if the amount of the overpayment to purses could be credited with the funds. Mr. Reagan said that adjustment could be made and would result in a \$120,000 underpayment to purses. Chairman Harris commented CR believed that was not part of its agreement with the horsemen and the money was spent properly on promotions. Commissioner Shapiro said the Board took the position the money did not belong to CR and should have been reimbursed to the horsemen. Chairman Harris said the problem was there were multiple years of purses to pay back. Mr. Reagan said the current meeting would be reimbursed. If an attempt were made to pay retroactively to 1997, the time and money required would be prohibitive. Jerry Mandel of California Harness Horsemen's Association (CHHA) said the validity of the overpayment was in dispute. The

automatic netting out of the promotional fund should not happen. Neither the Board, nor the CHHA approved the carryover of overpayments. Mr. Mandel said there were questions regarding the Board's authority. How much of what the Board directed ensured compliance with the law, and how much was conceived as damages, which was something the Board did not have the right to award. That was the reason there was pending litigation. CR's recent action challenged the Board's right to make a decision on the promotional fund because it resembled an award for damages. Mr. Mandel said CHAA requested that no action taken by the Board be construed as a decision to net out numbers, as it would give validity to the overpayment that was at issue. Commissioner Shapiro asked if Mr. Mandel was contesting the validity of overpayments from one year to the next. Mr. Mandel said the statute was unambiguous regarding two things: it required the consent of the horsemen; and it required consent of the Board. He stated he wanted to make sure nothing in the Board's discussions regarding netting out the overpayment would be construed as a decision on the propriety of the issue. Mr. Mandel said another issue was that CR was finished in California. When the meeting was over, CR would be gone. Yet, there were no monies to pay the promotional fund if the court ruled against CR. He stated it would be appropriate for the Board to require that CR put up the monies to pay the horsemen if the court so ordered. Commissioner Shapiro said CR posted a million dollar bond and it provided a million dollar letter of credit. In addition, there was \$1.9 million in the 612 money. He stated there seemed to be ample security to cover the promotion fund.

STAFF REPORT ON THE FOLLOWING CONCLUDED RACE MEETS:

- A. **CHURCHILL DOWNS CALIFORNIA OPERATING COMPANY AT HOLLYWOOD PARK FROM APRIL 22 THROUGH JULY 17, 2005.**
 - B. **SAN JOAQUIN COUNTY FAIR AT STOCKTON FROM JUNE 15 THROUGH JUNE 26, 2005.**
 - C. **ALAMEDA COUNTY FAIR AT PLEASANTON FROM JUNE 29 THROUGH JULY 10, 2005.**
 - D. **SOLANO COUNTY FAIR AT VALLEJO FROM JULY 13, THROUGH JULY 25, 2005.**
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Chairman Harris said he was pleased with the results at the Alameda County Fair (ACF). He stated ACF was up 7 percent on track and advance deposit wagering at all the fairs was up significantly.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE CALIFORNIA HARNESS HORSEMEN'S ASSOCIATION (CHHA) FOR APPROVAL OF AN AGREEMENT BETWEEN CHHA AND THE LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION REGARDING IMPACT FEES.

John Reagan, CHRB staff, said the California Harness Horsemen's Association (CHHA) and Los Alamitos Racing Association were working on an agreement regarding future impact fees. He stated staff had not received copies of an agreement and the item should be tabled for a future time. Jerry Mandel of CHHA provided a synopsis of the pending agreement. He stated a copy of the agreement would be provided as soon as possible.

REPORT OF THE MEDICATION COMMITTEE

Equine Medical Director Dr. Ron Jensen said the Medication Committee (committee) met August 17, 2005. He stated the committee reviewed research on toe grabs. It heard a recommendation by staff to add Rule 1690.1, Toe Grabs Prohibited, and directed staff to begin

the 45-day public notice period. Dr. Jensen said the committee also talked about the addition of Rule 1902.5, Animal Welfare. The rule would provide Board investigators with a regulation when rare instances of animal cruelty occur. He stated the committee directed staff to initiate the 45-day public comment period for Rule 1902.5. In addition, the committee discussed uniform penalties. Dr. Jensen said the Racing Medication and Testing Consortium was heading a national move towards uniformity in penalties for medication violations. Staff was drafting regulations to implement the guidelines to coordinate with California law. The committee looked at the initial draft of the penalties and recommended that a working party of the medication advisory group review the language. Dr. Jensen said the committee heard from the Executive Director regarding the implementation of the Board's TCO₂ testing in anticipation of the approval of Assembly Bill 52. The Bill was still in the assembly as of the committee meeting. Commissioner Moss asked if there was any discussion of making TCO₂ findings public. Chairman Harris said that would be up to the racetracks. The Board could not make results public unless it was going to bring charges. He stated he hoped licensees would not try to push the envelope as any time someone tried to get close to the limit they could go over. The penalties for TCO₂ were severe. Commissioner Shapiro said he discussed the possibility of creating two criteria for a TCO₂ positive. One would be the current level of 37 millimoles. The second would be to track the average level for trainers, and if their horses went over that average, it would be considered a positive. He stated Oak Tree Racing Association donated funds for the laboratory to look at that possibility. Dr. Jensen said the committee looked at the microchip plan. The Jockey Club was going forward with its

Encompass Information Program to develop a database that would handle the microchips as part of its identification program and track horses from track to track.

MEETING ADJOURNED AT 1:30 P.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

SEPTEMBER 22, 2005
REGULAR BOARD MEETING

There is no board package material for item 2

**STAFF ANALYSIS
RACE DATES FOR 2006**

**REGULAR BOARD MEETING
SEPTEMBER 22, 2005**

Background:

The Race Dates Committee met on September 7, 2005 and resolved the 2006 dates for the Southern California thoroughbred circuit and the night industry schedules (harness and quarters). The Committee will meet again on September 21 to resolve the Northern California thoroughbred and fair schedule.

Attached here is the Committee's proposed schedule for 2006 with the open items regarding the Northern zone in gray shade until the Committee can resolve those matters, hopefully at the September 21 meeting.

Recommendation:

This item is for information and discussion.

CHRB 2006 PROPOSED RACING CALENDAR

DEC JAN FEB MAR APR MAY JUNE JULY AUG SEP OCT NOV DEC JAN

THOROUGHBRED & FAIR MEETINGS

26	SANTA ANITA (86 Days) 17 Wks	23	28	HOLLYWOOD PARK (59) 11 Wks	16	19	DEL MAR (43) 7 Wks	6	27	S.A. (26) 5 Wks	29	1	HWD PARK (35) 7 Wks	18			
26	GGF (27) 5 Wks	29	1	BAY MEADOWS (70) 14 Wks	7	10	GGF (29) 6 Wks	18	14	FAIRS	4	26	BAY MEADOWS (38) 7 Wks	22	25	G.G.F. (51) 9 Wks	18

NOTE: SHADED FRAMES REPRESENT AREAS TO BE DISCUSSED AT SEPTEMBER 21st RACE DATES COMMITTEE MEETING. RACE DATES COMMITTEE WILL RECOMMEND TO ALLOCATE DATES AS SHOWN FOR SOUTHERN ZONE, QUARTERHORSE AND HARNESS NIGHT INDUSTRIES AT SEPTEMBER 22, 2005, CHRB PUBLIC MEETING.

LACF
8 25
16 Dys

FRESNO
FAIR

QUARTER HORSE MEETING

26	LOS ALAMITOS (200) 51 Wks	17
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HARNESS MEETINGS

4	CAL EXPO (147) 30 Wks	29		22	CAL EXPO (53) 13 Wks	16
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NORTHERN FAIRS (RACING DAYS)
 STOCKTON (10), JUNE 14 - JUNE 26
 PLEASANTON (11), JUNE 28 - JULY 9
 VALLEJO (11), JULY 12 - JULY 24
 SANTA ROSA (12), JULY 26 - AUG 7
 SAN MATEO (12), AUG 9 - AUG 21
 FERNDALE (10), AUG 10 - AUG 20
 SACRAMENTO
 FRESNO FAIR (11), OCT 4 - OCT 15

Race Dates Committee
Proposal for 2006

STAFF ANALYSIS
PROPOSED REPEAL OF
RULE 1959.5. SPECIAL SWEEPSTAKES
RULE 1959.6. LIMITED SWEEPSTAKES
RULE 1959.7. PICK SEVEN
RULE 1959.8. PICK 6 ONE POOL
RULE 1976.5. SPECIAL UNLIMITED SWEEPSTAKES
RULE 1976.7. SPECIAL RESERVED UNLIMITED SWEEPSTAKES

Regular Board Meeting
September 22, 2005

BACKGROUND

Business and Professions Code Section 19440 provides that the Board shall have all powers necessary to fully and effectually carry out the purposes of horse racing law. The powers of the Board include, but are not limited to, adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. Occasionally, regulations become obsolete or redundant due to changes in industry practice, the law, or the adoption of other regulations that may duplicate or supersede existing regulations. In June 2005 the Board amended Rule 1976.9. Pick (n) Pool. The amendment added provisions contained in other Board regulations governing pari-mutuel wagering. This provided an opportunity to streamline the Board's pari-mutuel wagering regulations by repealing those rules whose provisions are now included in the amended Rule 1976.9, as well as such regulations not used by racing associations.

ANALYSIS

The adoption of the amended Rule 1976.9 provides racing associations with a versatile regulation that contains the same provisions found in several Board regulations governing pari-mutuel wagering. For various reasons racing associations do not use other pari-mutuel regulations. Specifically, Rules 1959.5, Special Sweepstakes; 1959.6, Limited Sweepstakes; 1959.7, Pick Seven; 1959.8, Pick 6 One Pool; 1976.5, Special Unlimited Sweepstakes; and 1976.7, Special Reserved Unlimited Sweepstakes, are duplicated by the amendment to Rule 1976.9, or are rules that have not been used by racing associations.

RECOMMENDATION

No comments were received during the 45-day public comment period. Staff recommends the Board adopt the proposal to repeal the rules as presented.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING

Rule 1959.5. Special Sweepstakes
Rule 1959.6. Limited Sweepstakes
Rule 1959.7. Pick Seven
Rule 1959.8. Pick 6 One Pool
Rule 1976.5. Special Unlimited Sweepstakes
Rule 1976.7. Special Reserved Unlimited Sweepstakes

Regular Board Meeting
September 22, 2005

~~1959.5. Special Sweepstakes:~~

~~(a) The Special Sweepstakes parimutuel pool is not a parlay and has no connection with or relation to any other parimutuel pool conducted by the association, nor to any win, place and show pool shown on the totalizator board, nor to the rules governing the distribution of such other pools.~~

~~(b) A valid Special Sweepstakes ticket shall be evidence of a binding contract between the holder of the ticket and the racing association, and the said ticket shall constitute an acceptance of Special Sweepstakes provisions and rules contained in Article 18.~~

~~(c) A Special Sweepstakes may be given a distinctive name to be selected by the association conducting such races, such as "SUPER 6" or "SUPER SWEEPSTAKES," subject to the approval of the Board. The Special Sweepstakes is deemed to be an extension of the daily double form of wagering.~~

~~(d) The Special Sweepstakes parimutuel pool consists of amounts contributed for a selection for win only in each of six races designated by the association with the approval of the Board. Each person purchasing a Special Sweepstakes ticket shall designate the winning horse in each of the six races comprising the Special Sweepstakes.~~

~~(e) Those horses constituting an entry of coupled horses or those horses coupled to constitute the field in a race comprising the Special Sweepstakes shall race as a single wagering interest for the purpose of the Special Sweepstakes parimutuel pool calculations and payouts to the public. However, if any part of either an entry or the field racing as a single wagering interest is a starter in a race, the entry or the field selection shall remain as the designated selection to win in that race for the Special Sweepstakes calculation and the selection shall not be deemed a scratch.~~

~~(f) The Special Sweepstakes parimutuel pool shall be calculated in one of three alternative methods, as follows:~~

~~(1) Alternative One:~~

~~(A) Sixty percent (60%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of parimutuel tickets which correctly designate the most official winners of the six races comprising the Special Sweepstakes.~~

~~(B) Twenty percent (20%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among holders of parimutuel tickets which correctly designate the second greatest number of official winners of the six races comprising the Special Sweepstakes.~~

~~(C) Twenty percent (20%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among holders of parimutuel tickets which~~

~~correctly designate the third greatest number of official winners of the six races comprising the Special Sweepstakes.~~

~~(2) Alternative Two:~~

~~(A) Sixty percent (60%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of parimutuel tickets which correctly designate the most official winners of the six races comprising the Special Sweepstakes.~~

~~(B) Forty percent (40%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among holders of parimutuel tickets which correctly designate the second greatest number of official winners of the six races comprising the Special Sweepstakes.~~

~~(3) Alternative Three:~~

~~(A) Sixty percent (60%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of parimutuel tickets which correctly designate the official winners of the six races comprising the Special Sweepstakes.~~

~~(B) Twenty percent (20%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among holders of parimutuel tickets which correctly designate the greatest number of official winners less than six of the six races comprising the Special Sweepstakes.~~

~~(C) Twenty percent (20%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among holders of parimutuel tickets which correctly designate the second greatest number of official winners less than six of the six races comprising the Special Sweepstakes.~~

~~(D) In the event there is no parimutuel ticket properly issued which correctly designates the official winner in each of the six races comprising the Special Sweepstakes, the sixty percent (60%) of the parimutuel pool otherwise distributable as provided in subsection (A) of Alternative Three shall be retained by the association as a distributable amount and shall be carried over and included in the Sweepstakes parimutuel pool for the next succeeding racing date, as an additional net amount to be distributed as provided in subsection (A).~~

~~(E) Except as provided in subsection (F), should no distribution be made pursuant to subsection (A) on the last day of the association's meeting, then that portion of the distributable pool and all monies accumulated therein shall be distributed to holders of tickets correctly designating the most winning selections among the six races comprising the Special Sweepstakes for that day or night; provided, however, that should an association be unable to distribute such retained distributable amount carried over from any prior Special Sweepstakes pool established pursuant to subsection (A) or subsection (D) by the end of its race meeting due to cancellation of the final day(s) or night(s) of racing or any other reason, the retained distributable amount shall be carried forward to the next race meeting of such association at the same location, having a Special Sweepstakes for the same breed of horse as the racing meeting that generated the retained distributable amount, and shall be included in the Special Sweepstakes pool for the first day or night racing at such subsequent race meeting.~~

~~(4) The method of distribution shall be selected at the discretion of the racing association at the time it files its license application with the Board.~~

~~(g) In the event that insufficient numbers of official winners are designated to permit distribution to holders of parimutuel tickets which correctly designate the second or third greatest number of official winners, any amount not distributable shall be added to the sixty percent (60%) amount in the parimutuel pool subject to distribution to those ticket holders who designate the most official winners of the six races comprising the Special Sweepstakes. In the event there is no parimutuel ticket held which entitles any ticket holder to a distribution pursuant to subsection (f) the Special Sweepstakes shall be cancelled and all tickets refunded.~~

~~(h) In the event a Special Sweepstakes ticket designates a selection in any one or more of the races comprising the Special Sweepstakes and that selection is scratched, excused or determined by the Stewards the actual favorite, as evidenced by the amounts wagered in the win pool at the time of the start of the race, will be substituted for the non-starting selection for all purposes, including pool calculations and payouts.~~

~~(i) In the event of a dead heat for win between two or more horses in any Special Sweepstakes race, all such horses in the dead heat for win shall be considered as winning horses in the race for the purpose of calculating the pool.~~

~~(j) In the event that less than four of the six races comprising the special Sweepstakes are completed due to races being cancelled or declared no contest, all parimutuel tickets held on the Special Sweepstakes for that day or night shall be refunded and the Special Sweepstakes shall be cancelled in its entirety.~~

~~(k) In the event that four or five, but not six, races comprising the Special Sweepstakes are completed as official races in accordance with the regulations of the Board, one hundred percent (100%) of the net amount in the parimutuel pool shall be subject to distribution among holders of parimutuel tickets which correctly designate the most winners in the completed races of the Special Sweepstakes.~~

~~(l) No parimutuel ticket for the Special Sweepstakes pool shall be sold, exchanged or cancelled after the time of the closing of wagering in the first of the six races comprising the Special Sweepstakes, except for such refunds on Special Sweepstakes parimutuel tickets as required by this regulation, and no person shall disclose the number of tickets sold in the Special Sweepstakes pool or the number or amount of tickets selecting winners of Special Sweepstakes races until such time as the Stewards have determined the last race comprising the Special Sweepstakes to be official.~~

Authority: — Sections 19440 and 19590, Business and Professions Code.

Reference: — Section 19594, Business and Professions Code.

1959.6. Limited Sweepstakes.

~~(a) The Limited Sweepstakes parimutuel pool is not a parlay and has no connection with or relation to any other parimutuel pool conducted by the association, nor to any win, place and show pool shown on the totalizator, nor to the rules governing the distribution of such other pools.~~

~~(b) A Limited Sweepstakes parimutuel ticket shall be evidence of a binding contract between the holder of the ticket and the association and the said ticket shall constitute an acceptance of the Limited Sweepstakes provisions and rules contained in Article 18.~~

~~(c) A Limited Sweepstakes may be given a distinctive name by the association conducting the meeting, subject to approval of the Board.~~

~~(d) The Limited Sweepstakes parimutuel pool consists of amounts contributed for a selection for win only in each of six races designated by the association with the approval of the Board. Each person purchasing a Limited Sweepstakes ticket shall designate the winning horse in each of the six races comprising the Limited Sweepstakes.~~

~~(e) Those horses constituting an entry of coupled horses or those horses coupled to constitute the field in a race comprising the Limited Sweepstakes shall race as a single wagering interest for the purpose of the Limited Sweepstakes parimutuel pool calculations and payouts to the public. However, if any part of either an entry or the field racing as a single wagering interest is a starter in a race the entry or the field selection shall remain as the designated selection to win in that race for the Limited Sweepstakes calculation and the selection shall not be deemed a scratch.~~

~~(f) Except as provided by subsections (i) and (j), the Limited Sweepstakes parimutuel pool shall be calculated as follows:~~

~~(1) Fifty percent (50%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of parimutuel tickets which correctly designate the official winner in each of the six races comprising the Limited Sweepstakes.~~

~~(2) Fifty percent (50%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of parimutuel tickets which correctly designate the most official winners, but less than six, among the six races comprising the Limited Sweepstakes.~~

~~(3) In the event there is no parimutuel ticket properly issued which correctly designates the official winner in each of the six races comprising the Limited Sweepstakes, the fifty percent (50%) of the parimutuel pool shall not be distributed as provided in subsection (f)(1) but shall be retained by the association as distributable amounts and shall be carried over and included in the Limited Sweepstakes parimutuel pool for the next succeeding racing date as an additional net amount to be distributed as provided in subsection (f)(1).~~

~~(4) Except as provided by subsection (1), should no distribution be made pursuant to subsection (f)(1) on the last day of the association's meeting, then that portion of the distributable pool and all monies accumulated therein shall be distributed to the holders of tickets correctly designating the most winning selections among the six races comprising the Limited Sweepstakes for that day or night.~~

~~(g) In the event a Limited Sweepstakes ticket designates a selection in any one or more of the races comprising the Limited Sweepstakes and that selection is scratched, excused or determined by the Stewards to be a nonstarter in the race, the actual favorite, as evidenced by the amounts wagered in the win pool at the time of the start of the race, will be substituted for the nonstarting selection for all purposes, including pool calculations and payouts.~~

~~(h) In the event of a dead heat for win between two or more horses in any Limited Sweepstakes race, all such horses in the dead heat for win shall be considered as winning horses in the race for the purpose of calculating the pool.~~

~~(i) In the event that less than four of the six races comprising the Limited Sweepstakes are completed due to races being cancelled or declared as no contest, all parimutuel tickets held on the Limited Sweepstakes for that day or night shall be refunded and the Limited Sweepstakes shall be cancelled in its entirety for that day or night and any retained distributable amounts carried over from any prior Limited Sweepstakes pool pursuant to subsection (f)(3) shall be carried over to the next succeeding racing date of that meeting.~~

~~(j) In the event that four or five, but not six, races comprising the Limited Sweepstakes are completed as official races in accordance with the regulations of the Board, one hundred percent (100%) of the net amount in the parimutuel pool for that day or night, exclusive of any retained distributable amounts carried over from any prior Limited Sweepstakes pool pursuant to subsection (f)(3), shall be subject to distribution among holders of parimutuel tickets which correctly designate the most winners in the completed races of the Limited Sweepstakes. The retained distributable amounts carried over from any prior Limited Sweepstakes pool pursuant to subsection (f)(3) shall be carried over to the next succeeding racing date of that meeting.~~

~~(k) No parimutuel ticket for the Limited Sweepstakes pool shall be sold, exchanged or cancelled after the time of the closing of wagering in the first of the six races comprising the Limited Sweepstakes, except for such refunds on Limited Sweepstakes tickets as required by this regulation, and no person shall disclose the number of tickets sold in the Limited Sweepstakes pool or the number or amount of tickets selecting winners of Limited Sweepstakes races until such time as the Stewards have determined the last race comprising the Limited Sweepstakes each day to be official.~~

~~(l) In the event that an association is unable to distribute the retained distributable amount carried over from any prior Limited Sweepstakes pool established pursuant to subsection (f)(3)~~

by the end of its race meeting due to cancellation of the final day(s) or night(s) of racing or any other reason, the retained distributable amount shall be carried forward to the next race meeting having a Limited Sweepstakes at the same location and of the same breed of horse as the racing association that generated the retained distributable amount. The retained distributable amount shall be included in the Limited Sweepstakes pool for the first day or night of racing at the subsequent race meeting.

Authority: — Sections 19440 and 19590, Business and Professions Code.

Reference: — Sections 19590, 19593 and 19594, Business and Professions Code.

1959.7. Pick Seven.

(a) ~~The Pick Seven parimutuel pool is not a parlay and has no connection with or relation to any other parimutuel pool conducted by the association, nor to any win, place and show pool shown on the totalizator, nor to the rules governing the distribution of such other pools.~~

(b) ~~A Pick Seven parimutuel ticket shall be evidence of a binding contract between the holder of the ticket and the association and the said ticket shall constitute an acceptance of the Pick Seven provisions and rules contained in Article 18.~~

(c) ~~A Pick Seven may be given a distinctive name by the association conducting the meeting.~~

(d) ~~The Pick Seven parimutuel pool consists of amounts contributed for a selection for win only in each of seven races comprising the Pick Seven. Each person purchasing a Pick Seven ticket shall designate the winning horse in each of the seven races comprising the Pick Seven.~~

(e) ~~Those horses constituting an entry of coupled horses or those horses coupled to constitute the field in a race comprising the Pick Seven shall race as a single wagering interest for the purpose if the Pick Seven parimutuel pool calculations and payouts to the public. If any part of either an entry or the field racing as a single wagering interest is a starter in a race the entry or the field selection shall remain as the designated selection to win in that race for the Pick Seven calculation. A scratch of any horse which is part of a coupled entry or the field shall not constitute a scratch of the single wagering interest.~~

(f) ~~Except as provided by subsections (i) and (j), the Pick Seven parimutuel pool shall be calculated as follows:~~

(1) ~~Fifty percent (50%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of parimutuel tickets which correctly designate the most official winners in each of the seven races comprising the Pick Seven.~~

(2) ~~Fifty percent (50%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of parimutuel tickets which correctly designate the next greatest number of official winners among the seven races comprising the Pick Seven.~~

(3) ~~In the event there is no parimutuel ticket held which entitles any ticket holder to a distribution pursuant to subsection (f) the Pick Seven shall be canceled and all tickets refunded.~~

(g) ~~In the event a Pick Seven ticket designates a selection in any one or more of the races comprising the Pick Seven and that selection is scratched, excused or determined by the Stewards to be a nonstarter in the race, the actual favorite, as evidenced by the amounts wagered in the win pool at the time of the start of the race, will be substituted for the nonstarting selection for all purposes, including pool calculations and payouts.~~

(h) ~~In the event of a dead heat for win between two or more horses in any Pick Seven race, all such horses in the dead heat for win shall be considered as winning horses in the race for the purpose of calculating the pool.~~

~~(i) If less than five of the seven races comprising the Pick Seven are completed due to races being canceled or declared as no contest, all parimutuel tickets held on the Pick Seven shall be refunded and the Pick Seven shall be canceled.~~

~~(j) In the event that five, or six, but not seven, races comprising the Pick Seven are completed as official races in accordance with the regulations of the Board, one hundred percent (100%) of the net amount in the parimutuel pool shall be subject to distribution among holders of parimutuel tickets which correctly designate the most winners in the completed races of the Pick Seven.~~

~~(k) No parimutuel ticket for the Pick Seven pool shall be sold, exchanged or canceled by the association after the time of the closing of wagering in the first of the seven races comprising the Pick Seven, except for such refunds on Pick Seven tickets as required by this regulation. No person shall disclose the number of tickets sold in the Pick Seven pool or the number or amount of tickets selecting winners of Pick Seven races until such time as the Stewards have determined the last race comprising the Pick Seven each day to be official.~~

Authority: ~~Sections 19440 and 19590, Business and Professions Code.~~

Reference: ~~Sections 19590, 19593 and 19594, Business and Professions Code.~~

~~1959.8. Pick 6 One Pool.~~

~~(a) The Pick 6 One is a separate parimutuel pool established on six consecutive races designated by the association. The pool consists of amounts wagered on the horse to finish first in each of the six races. It is not a parlay and has no connection with or relation to other pools conducted by the association, except for the provisions in subsection (i), or to rules governing the distribution of other pools. The "net Pick 6 One pool" refers to the amount wagered into the pool on a given day less the statutory parimutuel takeout.~~

~~(b) A valid Pick 6 One ticket shall be evidence of a binding contract between the holder of the ticket and the association and shall constitute an acceptance of Pick 6 One provisions and rules contained in this Article.~~

~~(c) If no Pick 6 One combination selects all six of the first place finishers, then the net Pick 6 One pool is distributed as follows:~~

~~(1) A specified percentage of the pool shall be designated as the Standard Carryover and that portion of the pool shall be carried forward to the next performance with a Pick 6 One. The percentage shall be specified in the association's application for license and shall be no greater than 75 percent nor less than 60 percent.~~

~~(2) The remainder of the pool shall be distributed as a single price pool to tickets with combinations with the greatest number of first place finishers.~~

~~(d) If more than one Pick 6 One combination selects all six first place finishers, a percentage of the net Pick 6 One pool specified by the association in their license application that is no less than 5 percent and no greater than 20 percent, shall be designated as the Pick 6 One Special Carryover and carried forward to the next performance with a Pick 6 One pool. The net pool, less the Special Carryover, shall be distributed as follows:~~

~~(1) A specified percentage of the pool, not less than 60 percent and not more than 75 percent, shall be distributed to tickets that select all six of the first place finishers in the Pick 6 One. The percentage shall be designated in the license application and shall be equal to the percentage specified in (c)(1). This percentage of the pool and the Standard Carryover, if any, shall be distributed as a single price pool to all of the tickets with combinations selecting the six first place finishers in the Pick 6 One.~~

~~(2) The remainder shall be distributed as a single price pool to tickets with combinations with the second greatest number of first place finishers.~~

~~(e) If there is only one combination selecting all six first place finishers, the net Pick 6 One pool shall be distributed as follows:~~

~~(1) The ticket containing the one combination with all six first place finishers shall receive the percentage of the net Pick 6 One pool specified in (c)(1) and 100 percent of the Pick 6 One Standard and Special Carryovers.~~

~~(2) The remainder shall be distributed as a single price pool to tickets selecting the next greatest number of first place finishers.~~

~~(f) If four or five but not six races are completed, the net pool, less any carryovers, shall be distributed as a single price pool to tickets selecting the greatest number of first place finishers.~~

~~(g) The pool shall be canceled and all wagers for that day refunded if three or more races are canceled.~~

~~(h) If a dead heat for first occurs in any of the races:~~

~~(1) Coupled horses or horses coupled to constitute the field, the pool shall be distributed as if a dead heat did not occur.~~

~~(2) Horses representing two or more betting interests, all such horses in the dead heat shall be considered as winning horses for the purpose of calculating the pool.~~

~~(i) If a ticket designated a selection that was scratched, excused or determined by the Stewards to be a nonstarter in the race, the association may designate the actual favorite, which is determined by the amounts wagered in the win pool at the close of wagering on that race, or may allow patrons the option of selecting an alternate betting interest. The actual favorite or the alternate shall be substituted for the nonstarting selection for all purposes. If the association elects to designate the favorite and the win pool total is identical for two or more horses, the horse with the lowest program number shall be used. The totalizator shall produce written reports at the end of each race showing each of the wagering combinations that had substituted selections which became winners as a result of the substitution in addition to the normal winning combination.~~

~~(j) After wagering closes on the first race comprising the Pick 6 One no ticket shall be sold, exchanged or canceled.~~

~~(k) The totalizator shall be programmed to suppress all information related to the Pick 6 One wagering activity until the end of the final race comprising the Pick 6 One. The only exception is that the total amount of the Pick 6 One pool at the close of wagering may be disclosed. Providing any other information is strictly prohibited.~~

~~(l) The pool and any carryover shall be distributed in full on the last Pick 6 One performance of the meet or split meet as follows:~~

~~(1) If no combination selects all six first place finishers, 75% of the pool and carryovers shall go to ticket(s) with the greatest number of finishers and 25% to the second greatest number.~~

~~(2) If more than one combination selects all six first place finishers the percentage in (c)(1) and 100% of the carryovers shall go to those tickets. The remainder shall go to ticket(s) with the second greatest number of first place finishers.~~

~~(3) If only one combination selects all six first place finishers see subsection (e).~~

~~(m) If, for any reason, the Pick 6 One Standard and Special carryovers must be carried over to the next meet or split meet, the carryovers shall be deposited in an interest bearing account approved by the Board. The carryovers plus accrued interest shall be carried forward to the Pick 6 One pool on a date designated by the association, subject to Board approval.~~

Authority: Sections 19440 and 19590, Business and Professions Code.

Reference: Sections 19440, 19590 and 19593, Business and Professions Code.

1976.5. Special Unlimited Sweepstakes.

~~(a) The Special Unlimited Sweepstakes parimutuel pool is not a parlay and has no connection with or relation to any other parimutuel pool conducted by the association, nor to any win, place and show pool shown on the totalizator, nor to the rules governing the distribution of such other pools.~~

~~(b) A Special Unlimited Sweepstakes parimutuel ticket shall be evidence of a binding contract between the holder of the ticket and the association and the said ticket shall constitute an acceptance of the Special Unlimited Sweepstakes provisions and rules contained in Article 18.~~

~~(c) A Special Unlimited Sweepstakes may be given a distinctive name by the association conducting the meeting, subject to prior approval of the Board.~~

~~(d) The Special Unlimited Sweepstakes parimutuel pool consists of amounts contributed for a selection for win only in each of nine races designated by the association with the approval of the Board. Each person purchasing a Special Unlimited Sweepstakes ticket shall designate the winning horse in each of the nine races comprising the Special Unlimited Sweepstakes.~~

~~(e) Those horses constituting an entry of coupled horses or those horses coupled to constitute the field in a race comprising the Special Unlimited Sweepstakes shall race as a single wagering interest for the purpose of the Special Unlimited Sweepstakes parimutuel pool calculations and payouts to the public. However, if any part of either an entry or the field racing as a single wagering interest is a starter in a race, the entry or the field selection shall remain as the designated selection to win in that race for the Special Unlimited Sweepstakes calculation and the selection shall not be deemed a scratch.~~

~~(f) The Special Unlimited Sweepstakes parimutuel pool shall be calculated as follows:~~

~~(1) One hundred percent (100%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of parimutuel tickets which correctly designate the official winner in each of the nine races comprising the Special Unlimited Sweepstakes.~~

~~(2) In the event there is no parimutuel ticket properly issued which correctly designates the official winner in each of the nine races comprising the Special Unlimited Sweepstakes, fifteen percent (15%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders, but not including any amounts carried over from any prior day or night, shall be distributed among the holders of parimutuel tickets which correctly designate the most official winners, but less than nine, in the nine races comprising the Special Unlimited Sweepstakes, an additional fifteen percent (15%) of such net amount in the parimutuel pool shall be distributed among the holders of parimutuel tickets which correctly designate the next greatest number of official winners in the nine races, and the remaining seventy percent (70%) of the net amount in the parimutuel pool shall not be distributed as provided above but shall be retained by the association as distributable amounts and shall be carried over and included in the Special Unlimited Sweepstakes parimutuel pool for the next succeeding racing date as an additional net amount to be distributed as provided in subsection (f)(1).~~

~~(g)(1) Except as provided in subsection (k), should no distribution be made pursuant to subsection (f)(1), then the distributable pool and all monies accumulated therein shall be carried over until that amount equals or exceeds a maximum amount to be specified in the association's license application. That maximum amount shall not exceed five million dollars (\$5,000,000).~~

~~(2) Once the pool and all monies accumulated therein equals or exceeds the maximum amount specified pursuant to subsection (g)(1), that amount shall be distributed on the next racing day as provided in subsection (f)(1); but if no holder of parimutuel tickets correctly designates the official winner in each of the nine races comprising the Special Unlimited Sweepstakes, then seventy percent (70%) of the pool shall be distributed among the holders of parimutuel tickets which correctly designate the most official winners, but less than nine, in each of the nine races comprising the Special Unlimited Sweepstakes, fifteen percent (15%) shall be distributed among the holders of parimutuel tickets which correctly designate the second greatest~~

~~number of official winners, and the remaining fifteen percent (15%) of the pool shall be distributed to those holders of parimutuel tickets which correctly designate the third greatest number of official winners.~~

~~(h) In the event a Special Unlimited Sweepstakes ticket designates a selection in any one or more of the races comprising the Special Unlimited Sweepstakes and that selection is scratched, excused or determined by the Stewards to be a non-starter in the race, the actual favorite, as evidenced by the amounts wagered in the win pool at the time of the start of the race, will be substituted for the non-starting selection for all purposes, including pool calculations and payouts.~~

~~(i) In the event of a dead heat for win between two or more horses in any Special Unlimited Sweepstakes race, all such horses in the dead heat for win shall be considered as winning horses in the race for the purpose of calculating the pool.~~

~~(j)(1) In the event that all nine races comprising the Special Unlimited Sweepstakes are cancelled or declared as no contest, all parimutuel tickets held on the Special Unlimited Sweepstakes for that day or night shall be refunded and the Special Unlimited Sweepstakes shall be cancelled in its entirety for that day or night and any retained distributable amounts carried over from any prior Special Unlimited Sweepstakes pool pursuant to subsection (f)(2) shall be carried over to the next succeeding racing date of that meeting.~~

~~(2) In the event that fewer than nine, but no more than three, races comprising the Special Unlimited Sweepstakes are completed due to the cancellations of one or more races or the Stewards declaring one or more races as no contest, the pool for that racing day shall be refunded and the Special Unlimited Sweepstakes shall be cancelled in its entirety as provided in subsection (j)(1).~~

~~(3) In the event that fewer than nine, but no fewer than four, races comprising the Special Unlimited Sweepstakes are completed due to the cancellation of one or more races or the Stewards declaring one or more races as no contest, one hundred percent (100%) of the net amount in the parimutuel pool for that day or night, exclusive of any retained distributable amounts carried over from any prior Special Unlimited Sweepstakes pool pursuant to subsection (f)(2), shall be subject to distribution among holders of parimutuel tickets which correctly designate the most winners in the completed races of the Special Unlimited Sweepstakes. The retained distributable amounts carried over from any prior Special Unlimited Sweepstakes pool pursuant to subsection (f)(2) shall be carried over to the next succeeding racing date of that meeting.~~

~~(k)(1) Should no distribution be made pursuant to subsection (f)(1) on the last day of the association's race meeting, then the distributable pool and all monies accumulated therein shall be distributed on that day. Seventy percent (70%) of the pool shall be distributed among holders of parimutuel tickets which correctly designate the most official winners, but less than nine, in each of the nine races comprising the Special Unlimited Sweepstakes, fifteen percent (15%) of the pool shall be distributed among the holders of parimutuel tickets which correctly designate the second greatest number of official winners, and the remaining fifteen (15%) percent of the pool shall be distributed to those holders of parimutuel tickets which correctly designate the third greatest number of official winners.~~

~~(2) In the event that an association is unable to distribute the retained distributable amount carried over from any prior Special Unlimited Sweepstakes pool established pursuant to subsection (f)(2) by the end of its race meeting due to cancellation of the final day(s) or night(s) of racing or any other reason, the retained distributable amount shall be carried forward to the next race meeting having a Special Unlimited Sweepstakes at the same location and of the same breed of horse as the racing association that generated the retained distributable amount. The retained distributable amount shall be included in the Special Unlimited Sweepstakes pool for the first day or night of racing at the subsequent race meeting.~~

~~(l) No parimutuel ticket for the Special Unlimited Sweepstakes pool shall be sold, exchanged or cancelled after the time of the closing of wagering in the first of the nine races comprising the Special Unlimited Sweepstakes, except for such refunds on Special Unlimited Sweepstakes tickets as required by this regulation, and no person shall disclose the number of tickets sold in the Special Unlimited Sweepstakes pool or the number or amount of tickets selecting winners of Special Unlimited Sweepstakes races until such time as the Stewards have determined the last race comprising the Special Unlimited Sweepstakes each day to be official.~~

~~(m) The racing association may, at its election, designate to the Board, at the time it files its license application with the Board, one or more racing days (nights) during its racing meeting on which the retained distributable amount carried over from any prior Special Unlimited Sweepstakes pool established pursuant to subsection (f)(2), shall be distributed as provided in subsection (g)(2), even though the retained amount is less than the amount specified in or designated by the racing association pursuant to subsection (g)(1).~~

Authority: — Sections 19440 and 19590, Business and Professions Code.

Reference: — Section 19590, Business and Professions Code.

1976.7. Special Reserved Unlimited Sweepstakes.

~~(a) The Special Reserved Unlimited Sweepstakes parimutuel pool is not a parlay and has no connection with or relation to any other parimutuel pool conducted by the association, nor to any win, place and show pools shown on the totalizator, nor to the rules governing the distribution of such other pools.~~

~~(b) A Special Reserved Unlimited Sweepstakes parimutuel ticket shall be evidence of a binding contract between the holder of the ticket and the association and the said ticket shall constitute an acceptance of the Special Reserved Unlimited Sweepstakes provisions and rules contained in Article 18.~~

~~(c) A Special Reserved Unlimited Sweepstakes may be given a distinctive name by the association conducting the meeting, subject to approval of the Board.~~

~~(d) The Special Reserved Unlimited Sweepstakes parimutuel pool consists of amounts contributed for a selection for win only in each of nine races designated by the association with the approval of the Board. Each person purchasing a Special Reserved Unlimited Sweepstakes ticket shall designate the winning horse in each of the nine races comprising the Special Reserved Unlimited Sweepstakes.~~

~~(e) Those horses constituting an entry of coupled horses or those horses coupled to constitute the field in a race comprising the Special Reserved Unlimited Sweepstakes shall race as a single wagering interest for the purpose of the Special Reserved Unlimited Sweepstakes parimutuel pool calculations and payouts to the public. However, if any part of either an entry or the field racing as a single wagering interest is a starter in a race, the entry or the field selection shall remain as the designated selection to win in that race for the Special Reserved Unlimited Sweepstakes calculation and the selection shall not be deemed a scratch.~~

~~(f) The Special Reserved Unlimited Sweepstakes parimutuel pool shall be calculated as follows:~~

~~(1) One hundred percent (100%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of parimutuel tickets which correctly designate the official winner in each of the nine races comprising the Special Reserved Unlimited Sweepstakes.~~

~~(2) In the event there is no parimutuel ticket properly issued which correctly designates the official winner in each of the nine races comprising the Special Reserved Unlimited Sweepstakes, fifteen percent (15%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of parimutuel~~

~~tickets which correctly designate the most official winners, but less than nine, in the nine races comprising the Special Reserved Unlimited Sweepstakes, an additional fifteen percent (15%) of the parimutuel pool shall be distributed among the holders of parimutuel tickets which correctly designate the next greatest number of official winners in the nine races, and the remaining seventy percent (70%) of the net amount in the parimutuel pool shall not be distributed as provided above but shall be retained by the association as distributable amounts and shall be carried over and included in the Special Reserved Unlimited Sweepstakes parimutuel pool for the next succeeding racing date as an additional net amount to be distributed as provided in subsection (f)(1).~~

~~(g)(1) Except as provided in subsection (k), the distributable pool and all monies accumulated therein shall be carried over until that amount equals or exceeds a maximum amount to be specified in the association's license application. That maximum amount shall not exceed five million dollars (\$5,000,000).~~

~~(2) Once the pool and all monies accumulated therein equal or exceed the maximum amount specified pursuant to subsection (g)(1), that amount shall be distributed on the next racing day as provided in subsection (f)(1); but if no holder of parimutuel tickets correctly designates the official winner in each of the nine races comprising the Special Reserved Unlimited Sweepstakes, then an amount of the pool equally to one half of the maximum amount specified pursuant to subsection (g)(1) shall not be distributed as provided above, but shall be retained by the association as distributable amounts and shall be carried over and included in the Special Reserved Unlimited Sweepstakes parimutuel pool for the next succeeding racing date as an additional net amount to be distributed as provided in subsection (f)(1). The remaining amount of the pool shall be distributed as follows: seventy percent (70%) shall be distributed among the holders of parimutuel tickets which correctly designate the most official winners, but less than nine, in each of the nine races comprising the Special Reserved Unlimited Sweepstakes, fifteen percent (15%) shall be distributed among the holders of parimutuel tickets which correctly designate the second greatest number of official winners, and the remaining fifteen percent (15%) shall be distributed to those holders of parimutuel tickets which correctly designate the third greatest number of official winners.~~

~~(h) In the event a Special Reserved Unlimited Sweepstakes ticket designates a selection in any one or more of the races comprising the Special Reserved Unlimited Sweepstakes and that selection is scratched, excused or determined by the Stewards to be a non starter in the race, the actual favorite, as evidenced by the amounts wagered in the win pool at the time of the start of the race, will be substituted for the non starting selection for all purposes, including pool calculations and payouts.~~

~~(i) In the event of a dead heat for win between two or more horses in any Special Reserved Unlimited Sweepstakes race, all such horses in the dead heat for win shall be considered as winning horses in the race for the purpose of calculating the pool.~~

~~(j)(1) In the event that all nine races comprising the Special Reserved Unlimited Sweepstakes are cancelled or declared as no contest, all parimutuel tickets held on the Special Reserved Unlimited Sweepstakes for that day or night shall be refunded and the Special Reserved Unlimited Sweepstakes shall be cancelled in its entirety for that day or night and any retained distributable amounts carried over from any prior Special Reserved Unlimited Sweepstakes pool pursuant to subsection (f)(2) shall be carried over to the next succeeding racing date of that meeting.~~

~~(2) In the event that no more than three of the nine races comprising the Special Reserved Unlimited Sweepstakes are completed due to the cancellation of one or more races or the Stewards declaring one or more races as no contest, the pool for that racing day shall be refunded and the Special Reserved Unlimited Sweepstakes shall be cancelled in its entirety as provided in subsection (j)(1).~~

~~(3) In the event that at least four, but no more than eight races comprising the Special Reserved Unlimited Sweepstakes are completed due to the cancellation of one or more races or the Stewards declaring one or more races as no contest, one hundred percent (100%) of the net amount in the parimutuel pool for that day or night, exclusive of any retained distributable amounts carried over from any prior Special Reserved Unlimited Sweepstakes pool pursuant to subsection (f)(2), shall be subject to distribution among holders of parimutuel tickets which correctly designate the most winners in the completed races of the Special Reserved Unlimited Sweepstakes. The retained distributable amounts carried over from any prior Special Reserved Unlimited Sweepstakes pool pursuant to subsection (f)(2) shall be carried over to the next succeeding racing date of that meeting.~~

~~(k)(1) Should no distribution be made pursuant to subsection (f)(1) on the last day of the association's race meeting, then the distributable pool and all monies accumulated therein shall be distributed on that day. Seventy percent (70%) of the pool shall be distributed among holders of parimutuel tickets which correctly designate the most official winners, but less than nine, in each of the nine races comprising the Special Reserved Unlimited Sweepstakes, fifteen percent (15%) of the pool shall be distributed among the holders of parimutuel tickets which correctly designate the second greatest number of official winners, and the remaining fifteen percent (15%) of the pool shall be distributed to those holders of parimutuel tickets which correctly designate the third greatest number of official winners.~~

~~(2) In the event that an association is unable to distribute the retained distributable amount carried over from any prior Special Reserved Unlimited Sweepstakes pool established pursuant to subsection (f)(2) by the end of its race meeting due to cancellation of the final day(s) or night(s) of racing or any other reason, the retained distributable amount shall be carried forward to the next race meeting having a Special Reserved Unlimited Sweepstakes at the same location and of the same breed of horse as the racing association that generated the retained distributable amount. The retained distributable amount shall be included in the Special Reserved Unlimited Sweepstakes pool for the first day or night of racing at the subsequent race meeting.~~

~~(l) No parimutuel ticket for the Special Reserved Unlimited Sweepstakes pool shall be sold, exchanged or cancelled after the time of the closing of wagering in the first of the nine races comprising the Special Reserved Unlimited Sweepstakes, except for such refunds on Special Reserved Unlimited Sweepstakes tickets as required by this regulation, and no person shall disclose the number of tickets sold in the Special Reserved Unlimited Sweepstakes pool or the number or amount of tickets selecting winners of Special Reserved Unlimited Sweepstakes races until such time as the Stewards have determined the last race comprising the Special Reserved Unlimited Sweepstakes each day to be official.~~

Authority: — Sections 19420, 19440 and 19590, Business and Professions Code.

Reference: — Section 19590, Business and Professions Code.

STAFF ANALYSIS
REQUEST FOR APPROVAL OF
CHARITY DISTRIBUTION

REGULAR BOARD MEETING
SEPTEMBER 22, 2005

Background:

The Del Mar Thoroughbred Club is requesting that the Board approve its proposed distribution of charity racing day proceeds in the amount of \$179,100. The list of 23 beneficiaries is attached for your review. The distribution will give 75% to industry-related organizations. Staff finds this request to be in order.

Recommendation:

Staff recommends that the Board approve this request.

August 8, 2005

Ms. Ingrid Fermin
Executive Director
California Horse Racing Board
2260 Jimmy Durante Blvd.
Del Mar, CA 92014

Dear Ingrid:

The Del Mar Thoroughbred Club Board of Directors has allocated charity day proceeds as set forth below.

Disabled Jockeys*	\$35,700
California Center for Equine Health and Performance*	20,000
California Thoroughbreds Horsemen's Foundation*	10,000
Grayson-Jockey Club Research Foundation*	10,000
University of Arizona Racetrack Industry Program*	10,000
Winners Foundation*	10,000
California Equine Retirement Foundation *	7,500
Del Mar Foundation	7,500
Racing and Medication Testing Consortium*	6,400
Children's Hospital of San Diego	5,000
California Thoroughbreds Breeders Association*	5,000
Don Diego Scholarship Fund	5,000
Don MacBeth Memorial Jockey Fund*	5,000
Edwin J. Gregson Foundation*	5,000
Junior League of San Diego	5,000
Las Patronas	5,000
Magdalena Ecke YMCA	5,000
San Diego Hospice	5,000
The Country Friends	5,000
Tranquility Farms*	5,000
Kids to the Cup*	2,500
Shoemaker Foundation*	2,500
San Dieguito Boys and Girls Club	2,000
 TOTAL:	 \$179,100
 Equine Related Charities*	 134,600
Non - Equine Related	44,500
Percentage of Equine Related Charities	75.2%

Thank you for your attention to this matter and I look forward to hearing from you soon. If you need further information, please call me.

Very truly yours,

Michael R. Ernst

STAFF ANALYSIS
PROPOSED AMENDMENT OF
RULE 1977. PICK THREE

Regular Board Meeting
September 22, 2005

BACKGROUND

Business and Professions (B&P) Code Section 19440 states the Board shall have all powers necessary and proper to enable it to adopt rules and regulations for the protection of the public and the control of horse racing. B&P Code Section 19590 provides that the Board shall adopt rules governing, permitting, and regulating pari-mutuel wagering on horse races under the system known as the pari-mutuel method of wagering. At the February 2005 Pari-Mutuel Operations Committee meeting a proposal to amend Rule 1977, Pick Three, was heard. The proposed amendment was based on recommendations made by the National Thoroughbred Racing Association (NTRA) Players Panel (Panel), an advisory body charged with making policy recommendations of importance to bettors. The NTRA Panel recommended the Pick Three be amended to eliminate the practice of substituting the off-time favorite for a horse that is scratched, excused or determined by the stewards to be a nonstarter in a race constituting the Pick Three wager. The Panel argued substituting the off-time favorite was unfair to persons placing wagers, as such persons were often wagering against the favorite.

ANALYSIS

The proposed amendment of Rule 1977 eliminates the practice of substituting the off-time favorite for a horse scratched from any leg of the Pick Three prior to the running of the first leg. Instead, all wagers containing such horse(s) shall be refunded. If a horse is scratched from the second leg after the start of the first leg, or from the third leg, after the start of the second leg, a consolation payout is paid to holders of tickets that combine the winners of the completed legs and the scratched wagering interest(s). In addition, a consolation payout is provided if wagering interests are scratched from the second and third leg of the Pick Three after the start of the first leg.

RECOMMENDATION

No comments were received during the 45-day public comment period. Staff recommends the Board adopt the proposed amendment to Rule 1977 as presented.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING

PROPOSED AMENDMENT OF
RULE 1977. PICK THREE

Regular Board Meeting
September 22, 2005

1977. Pick Three.

(a) The PickThree is a separate pari-mutuel pool established on three (3) consecutive races. The pool consists of amounts wagered on the winning horse in each of the races. It is not a parlay and has no connection with or relation to other pools conducted by the association, ~~except for the provisions in subsection (h)~~, or to rules governing the distribution of other pools.

(b) A valid Pick Three ticket shall be evidence of a binding contract between the holder of the ticket and the association and shall constitute an acceptance of Pick Three provisions and rules contained in this ~~A~~article.

(c) A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of such entry starts for pari-mutuel purposes in accordance with Rule 1974.

(d) The association shall distribute the net pool to holders of valid tickets that correctly selected the winners in all three (3) races.

(e) In a dead heat for win between two (2) or more horses in any of the Pick Three races, all such horses shall be considered winning horses in that race for calculating the pool. The payout shall reflect the proportionate amount of money wagered on each winning combination.

(f) If no ticket selected the winner in all three (3) races, the net pool shall be paid for tickets that selected the winner in any two (2) races; and if no ticket selected two (2) winners the net

pool shall be paid for tickets that selected the winner of any one (1) race. The association shall refund the entire pool if no ticket selected the winner of any one (1) race.

(g) If one (1) of the races is cancelled, the net pool shall be distributed as provided in subsection (f). If more than one (1) race is cancelled the association shall refund the entire pool.

(h) ~~A ticket designating a selection that was scratched, excused or determined by the Stewards to be a nonstarter in the race, shall have the favorite, which is determined by the amounts wagered in the win pool at the time of the start of the race, substituted for the nonstarting selection for all purposes. If a wagering interest is scratched (which hereinafter includes being declared a non-starter) from any leg of the Pick Three prior to the running of the first leg, all wagers containing such scratched wagering interests shall be refunded.~~

(i) If a wagering interest is scratched from the second leg after the start of the first leg, a consolation payout shall be computed for those wagers combining the winners of the first and third legs with such scratched horse(s) as follows: The amount represented by wagers on combinations involving horse(s) scratched from the second leg shall be deducted from the gross pool. The resulting pool, net of takeout, shall be distributed as a win pool among tickets combining the winners of the first and third legs with horse(s) scratched from the second leg.

(j) If a wagering interest is scratched from the third leg after the start of the second leg, a consolation payout shall be computed for those wagers combining the winners of the first and second legs with such scratched horse(s) as follows: The amount represented by wagers on combinations involving horse(s) scratched from the third leg shall be deducted from the gross pool. The resulting pool, net of takeout, shall be distributed as a win pool among tickets combining the winners of the first and second legs with horse(s) scratched from the third leg.

(k) If wagering interests are scratched from both the second and third legs after the start of the first leg, a consolation payout shall be computed for those wagers combining the winner of the first leg with horse(s) scratched from both the second and third legs as follows: The amount wagered on the winner of the first leg combined with all other horse(s) scratched from the second and third legs shall be deducted from the gross pool. The resulting pool, net of takeout, shall be distributed as a win pool among tickets combining the winner of the first leg with horse(s) scratched from both the second and third legs.

(l) After wagering closes on the first race of the Pick Three no ticket shall be sold, exchanged or cancelled. No person shall disclose the number of tickets sold in the Pick Three races or the number or amount of tickets that selected winners of Pick Three races until the Stewards declare the last race official. After the second of the three (~~3~~) races, the association may display potential distributions dependent upon the outcome of the third race.

Authority: Sections 19440 and 19590,
Business and Professions Code.

Reference: Section 19590,
Business and Professions Code.

STAFF ANALYSIS
OWNERSHIP AND DISPOSITION OF THE IMPACT FEE
ESCROW ACCOUNT BEING HELD AT THE CHRB

REGULAR BOARD MEETING
SEPTEMBER 22, 2005

Background:

One aspect of a multi-faceted agreement reached at the February 2004 Board meeting was the creation of an impact fee escrow account to be maintained at the CHRB. The escrow account was to be funded by calculating the total net impact fee due from Capitol Racing, LLC, and have Capitol deposit one-half of that amount with the CHRB each week that they conducted racing. The escrow account was commenced in March 2004 and with interest, the current balance of the escrow account is approximately \$475,000. There are at least three schools of thought regarding the ownership of the escrow account:

A: the California Harness Horsemen's Association believes that half of the impact fee (the source of the escrow account funding) belongs to the harness purses and if not used in an impact fee settlement should revert to purses. Since the CHHA appears to have settled their half of the impact fee litigation, they wish to have the escrow account given to them *now* for use as harness purses.

B: Another line of thought is that the escrow account was never designated for any one party but to cover an eventual court decision regarding the impact fee dispute. If that decision required Capitol to pay impact fees to Los Alamitos then the escrow fund could then be used to help cover any shortfall in Capitol's ability to pay the court-ordered amount to Los Alamitos.

C: And finally, Capitol has indicated that the escrow account is their money. They funded it without taking any money from purses AND if the court decision is such that Capitol does not owe any additional impact fees to Los Alamitos, then it is Capitol's position that the escrow account should be returned to Capitol Racing.

The impact fee issue is not settled at this time. There are multiple claims on the escrow account. The Board may choose to have its legal counsel address the issue of the ownership of the escrow account.

Recommendation:

Staff recommends that the Board hear from the interested parties regarding this matter.

STAFF ANALYSIS
APPROVAL OF PROMO FUND TRANSFER
FOR 1997 THROUGH 2000 HARNESS MEETS AT LOS AL

REGULAR BOARD MEETING
SEPTEMBER 22, 2005

Background:

When harness was conducted at Los Alamitos by the Los Alamitos race course management from 1997 through April of 2000, there was \$749,687 in promotional funds generated that should have been split between the racing association and the purses. Accounting consultant, Rick English, discovered the discrepancy when doing some research on harness projections for southern California. CHRB staff has reviewed Mr. English's work and found his work to be correct.

As such, Los Alamitos is holding \$374,843 available for the harness purses and seeks Board approval to transfer the money to the California Harness Horsemen's Association (CHHA). The CHHA will then use those funds for purses – and only purses.

Recommendation:

Staff recommends that the Board approve this request.

STAFF ANALYSIS
STAFF REPORT ON END-OF-MEET RESULTS

REGULAR BOARD MEETING
SEPTEMBER 22, 2005

Background:

This item contains end-of-meet reports for recently concluded race meets. Staff is prepared to answer questions regarding the information presented.

Recommendation:

This item is for information and discussion.

END-OF-MEET OUTLINE SUMMARY

For the California Horse Racing Board meeting, September 22, 2005. This report includes summaries for the following racing meetings: CAPITOL RACING at CAL EXPO, SONOMA COUNTY FAIR, SAN MATEO COUNTY FAIR, and the HUMBOLDT COUNTY FAIR.

Capitol Racing at Cal Expo (spring)

January 7 – July 30, 2005

Race days: 122

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. daily handle	-13.85%
Ave. On-track	-25.44%
Ave. Off-track	-14.82%
Ave. Interstate-exported	-21.69%
Ave. ADW	9.61%
Ave. daily attendance-Calif.	-11.16%
Ave. On-track	-24.57%
Ave. Off-track	-9.63%

Sonoma County Fair

July 27-August 8, 2005

Race days: 12

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. daily handle	3.44%
Ave. On-track	3.41%
Ave. Off-track	-2.71%
Ave. Interstate exported	4.01%
Ave. ADW	37.64%
Ave. daily attendance-Calif.	-2.36%
Ave. On-track	1.33%
Ave. Off-track	-6.89%

San Mateo County Fair

August 10-August 25, 2005

Race days: 14

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. daily handle	11.59%
Ave. On-track	5.39%
Ave. Off-track	16.43%
Ave. Interstate-exported	2.59%
Ave. ADW	37.59%
Ave. daily attendance-Calif.	5.81%
Ave. On-track	-1.51%
Ave. Off-track	11.13%

September 16, 2004

Humboldt County Fair
August 11-August 21, 2005
Race days: 10

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. daily handle	10.54%
Ave. On-track	10.88%
Ave. Off-track	-5.06%
Ave. Interstate-exported	99.33%
Ave. ADW	26.04%
Ave. daily attendance-Calif.	1.00%
Ave. On-track	4.83%
Ave. Off-track	-1.71%

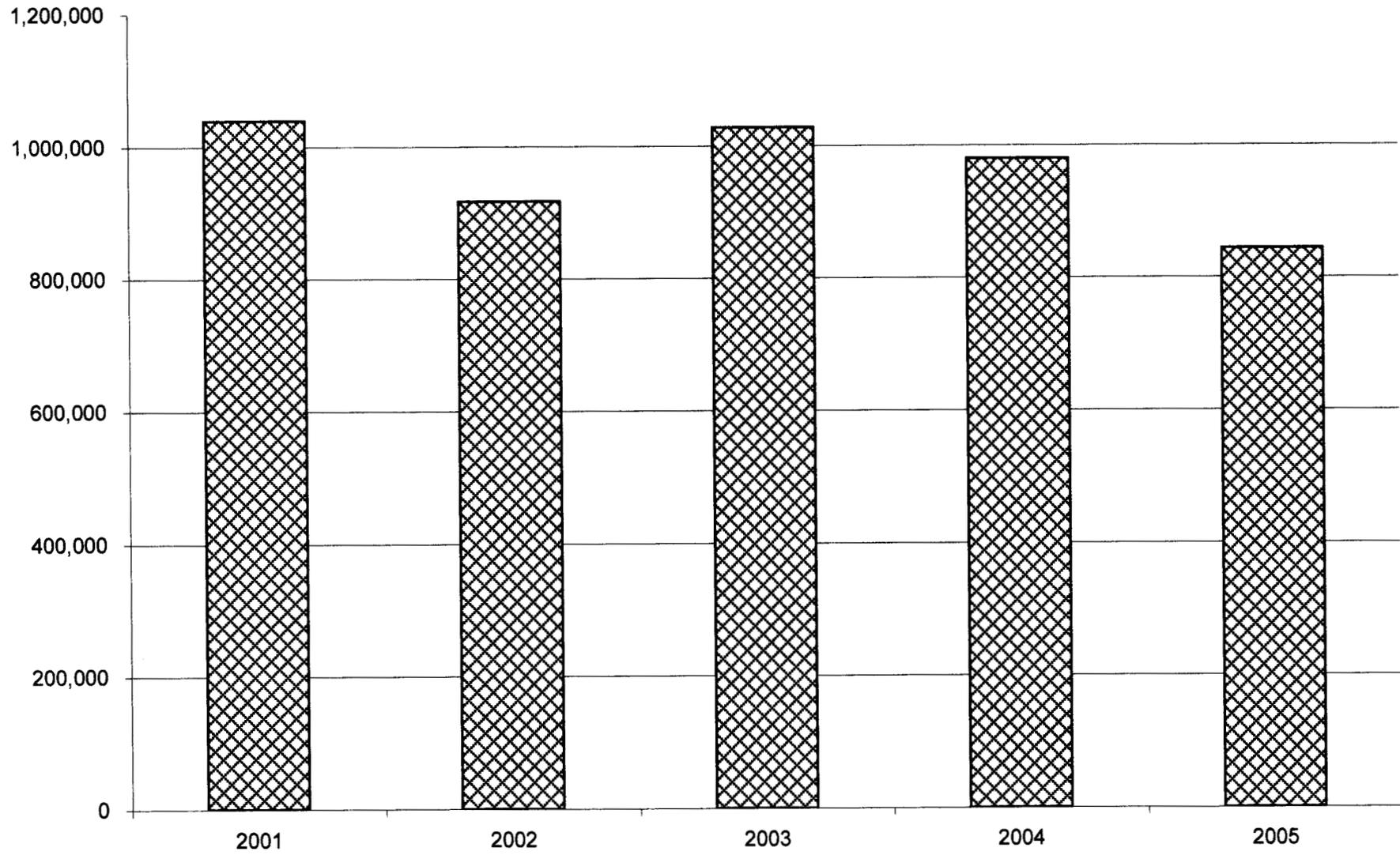
CAPITOL RACING @ CAL EXPO (SPRING)

<u>YEAR</u>	2001	2002	2003	2004	2005
TOTAL RACE DAYS	115	134	123	82	122
TOTAL HANDLE	119,473,272	122,836,169	126,417,814	80,305,332	102,927,271
ON-TRACK	10,507,398	10,174,466	9,557,115	5,817,301	6,453,028
OFF-TRACK	80,362,294	83,942,946	79,296,817	48,983,954	62,079,307
INTERSTATE	28,603,580	28,718,757	26,893,760	15,455,697	18,007,900
ADW	0	1,581,117	10,670,122	10,048,381	16,387,037
LIVE	89,653,333	93,563,977	100,637,561	63,232,298	79,121,546
INTRASTATE IMPORTED	0	0	0	0	0
INTERSTATE IMPORTED	29,819,939	29,272,192	25,780,253	17,073,034	23,805,726
INTERNATIONAL IMPORTED	0	602,920	961,333	338,196	583,634
AVERAGE DAILY HANDLE	1,038,898	916,688	1,027,787	979,333	843,666
ON-TRACK	91,369	75,929	77,700	70,943	52,894
OFF-TRACK	698,803	626,440	644,690	597,365	508,847
INTERSTATE	248,727	214,319	218,648	188,484	147,606
ADW	0	11,799	86,749	122,541	134,320
AVERAGE LIVE	779,594	698,239	818,192	771,126	648,537
INTRASTATE IMPORTED	0	0	0	0	0
INTERSTATE IMPORTED	259,304	218,449	209,596	208,208	195,129
INTERNATIONAL IMPORTED	0	4,499	7,816	4,124	4,784
TOTAL TAKEOUT	26,477,799	27,482,306	25,972,135	17,711,409	23,191,675
EFFECTIVE TAKEOUT	22.16%	22.37%	20.54%	22.06%	22.53%
STATE LICENSE FEES	541,623	567,551	530,227	330,670	413,893
STATE %	0.45%	0.46%	0.42%	0.41%	0.40%
TRACK COMMISSIONS	6,165,497	6,404,289	6,053,962	3,686,781	4,458,212
ADW COMMISSIONS		238,422	563,707	532,686	865,149
TOTAL COMMISSIONS		6,642,711	6,617,669	4,219,467	5,323,361
TRACK %	5.16%	5.21%	4.79%	4.59%	4.33%
HORSEMEN'S PURSES	5,754,005	5,975,028	5,649,537	3,436,527	4,458,347
ADW PURSES		222,135	527,134	497,459	807,095
TOTAL PURSES		6,197,163	6,176,671	3,933,986	5,265,442
HORSEMEN'S %	4.82%	4.86%	4.47%	4.28%	4.33%

CAPITOL RACING @ CAL EXPO (SPRING)

<u>YEAR</u>	2001	2002	2003	2004	2005
CAIIFORNIA ATTENDANCE	481,440	564,009	513,243	350,126	462,802
ON-TRACK	62,195	61,315	56,035	35,866	40,253
OFF-TRACK	419,245	502,694	457,208	314,260	422,549
DAILY ATTENDANCE	4,186	4,209	4,173	4,270	3,793
AVERAGE DAILY ON - TRACK	541	458	456	437	330
AVERAGE DAILY OFF - TRACK	3,646	3,751	3,717	3,832	3,464
TOTAL RACE EVENTS	1,500	1,677	1,561	1,082	1,387
STARTS	11,223	12,992	11,999	7,585	10,215
AVERAGE STARTS PER EVENT	7.5	7.7	7.7	7.0	7.4
AVERAGE HANDLE PER START	7,988	7,202	8,387	8,336	7,746

**CAPITOL RACING @ CAL EXPO SPRING
AVERAGE DAILY HANDLE**



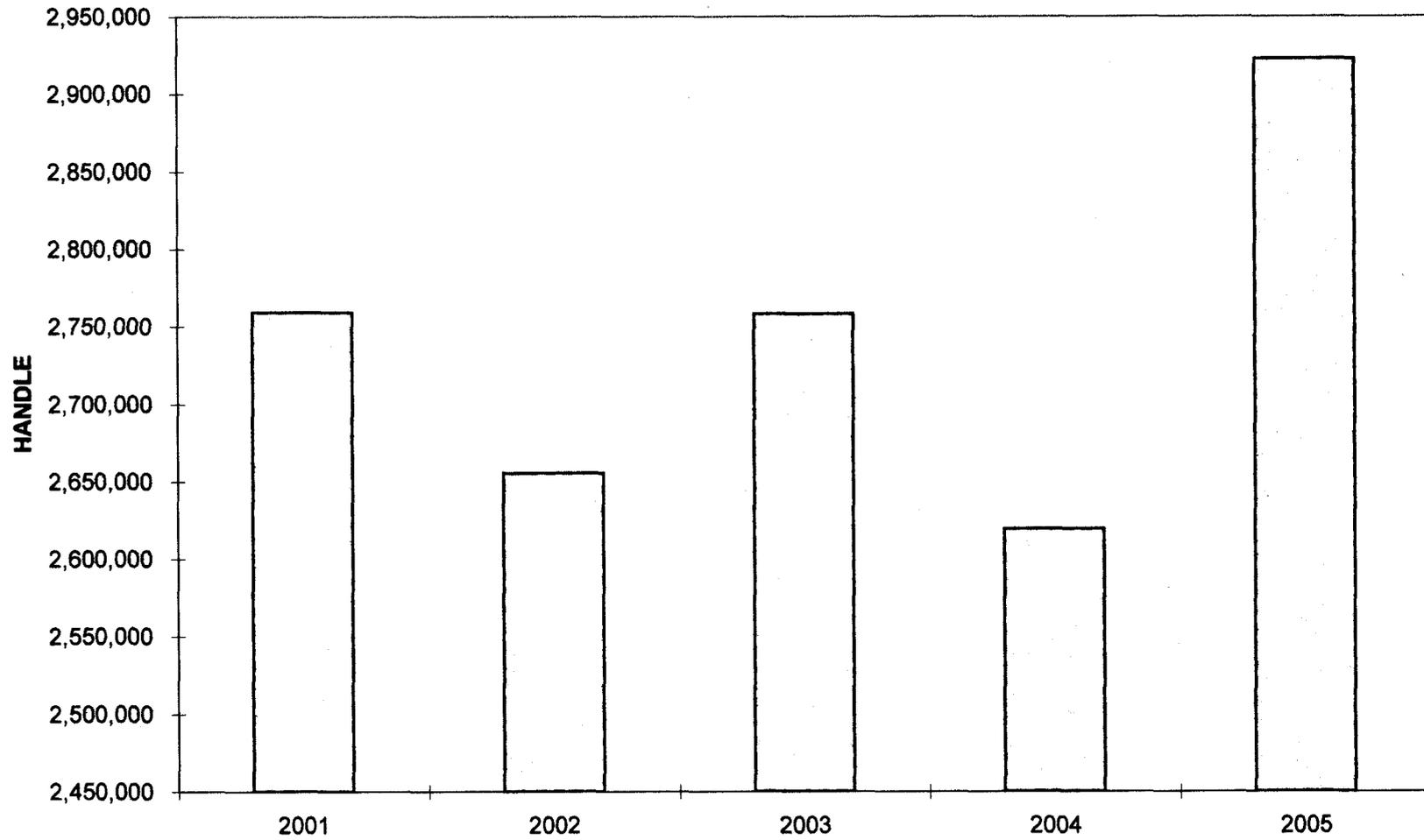
SAN MATEO COUNTY FAIR

YEAR	2001	2002	2003	2004	2005
TOTAL RACE DAYS	12	12	12	12	12
TOTAL HANDLE	33,110,030	31,862,794	33,095,531	31,429,897	35,073,812
ON-TRACK	7,953,573	7,330,295	7,160,665	6,616,631	6,973,546
OFF-TRACK	15,256,454	14,634,282	13,989,697	12,662,765	14,743,259
INTERSTATE	9,900,002	8,456,901	10,296,174	9,602,634	9,851,395
ADW	0	1,441,316	1,648,996	2,547,867	3,505,612
LIVE	18,169,540	16,657,659	18,984,046	17,822,238	19,233,174
INTRASTATE IMPORTED	8,757,853	8,295,408	7,555,523	6,909,926	7,952,233
INTERSTATE IMPORTED	6,182,637	6,909,727	6,555,963	6,697,733	6,485,633
INTERNATIONAL IMPORTED	0	0	0	0	1,402,772
AVERAGE DAILY HANDLE	2,759,169	2,655,233	2,757,961	2,619,158	2,922,818
ON-TRACK	662,798	610,858	596,722	551,386	581,129
OFF-TRACK	1,271,371	1,219,524	1,165,808	1,055,230	1,228,605
INTERSTATE	825,000	704,742	858,015	800,220	820,950
AVERAGE ADW	0	120,110	137,416	212,322	292,134
AVERAGE LIVE	1,514,128	1,388,138	1,582,004	1,485,186	1,602,764
INTRASTATE IMPORTED	729,821	691,284	629,627	575,827	662,686
INTERSTATE IMPORTED	515,220	575,811	546,330	558,144	540,469
INTERNATIONAL IMPORTED	0	0	0	0	116,898
TOTAL TAKEOUT	6,665,848	6,140,693	6,355,874	6,409,255	7,168,798
EFFECTIVE TAKEOUT	20.13%	19.27%	19.20%	20.39%	20.44%
STATE LICENSE FEES	261,372	229,371	233,949	204,161	230,433
STATE %	0.79%	0.72%	0.71%	0.65%	0.66%
TRACK COMMISSIONS	1,276,624	1,182,474	1,155,665	1,054,551	1,158,909
ADW COMMISSIONS	-	71,778	82,106	113,891	164,036
TOTAL COMMISSIONS	1,276,624	1,254,252	1,237,771	1,168,442	1,322,944
TRACK %	3.86%	3.71%	3.49%	3.36%	3.30%
HORSEMEN'S PURSES	1,289,111	1,189,927	1,165,836	1,061,645	1,164,261
ADW PURSES	-	72,210	82,684	114,906	165,216
TOTAL PURSES	1,289,111	1,262,137	1,248,519	1,176,551	1,329,477
HORSEMEN'S %	3.89%	3.73%	3.52%	3.38%	3.32%

SAN MATEO COUNTY FAIR

YEAR	2001	2002	2003	2004	2005
CALIFORNIA ATTENDANCE	80,008	71,538	71,453	61,286	64,845
ON-TRACK	34,156	29,480	30,836	25,818	25,428
OFF-TRACK	45,852	42,058	40,617	35,468	39,417
DAILY ATTENDANCE	6,667	5,962	5,954	5,107	5,404
AVERAGE DAILY ON - TRACK	2,846	2,457	2,570	2,152	2,119
AVERAGE DAILY OFF - TRACK	3,821	3,505	3,385	2,956	3,285
TOTAL RACE EVENTS	115	113	112	101	113
STARTS	792	714	760	670	800
AVERAGE STARTS PER EVENT	6.9	6.3	6.8	6.6	7.1
AVERAGE HANDLE PER START	22,941	23,330	24,979	26,600	24,041

SAN MATEO COUNTY FAIR
Average Daily Handle



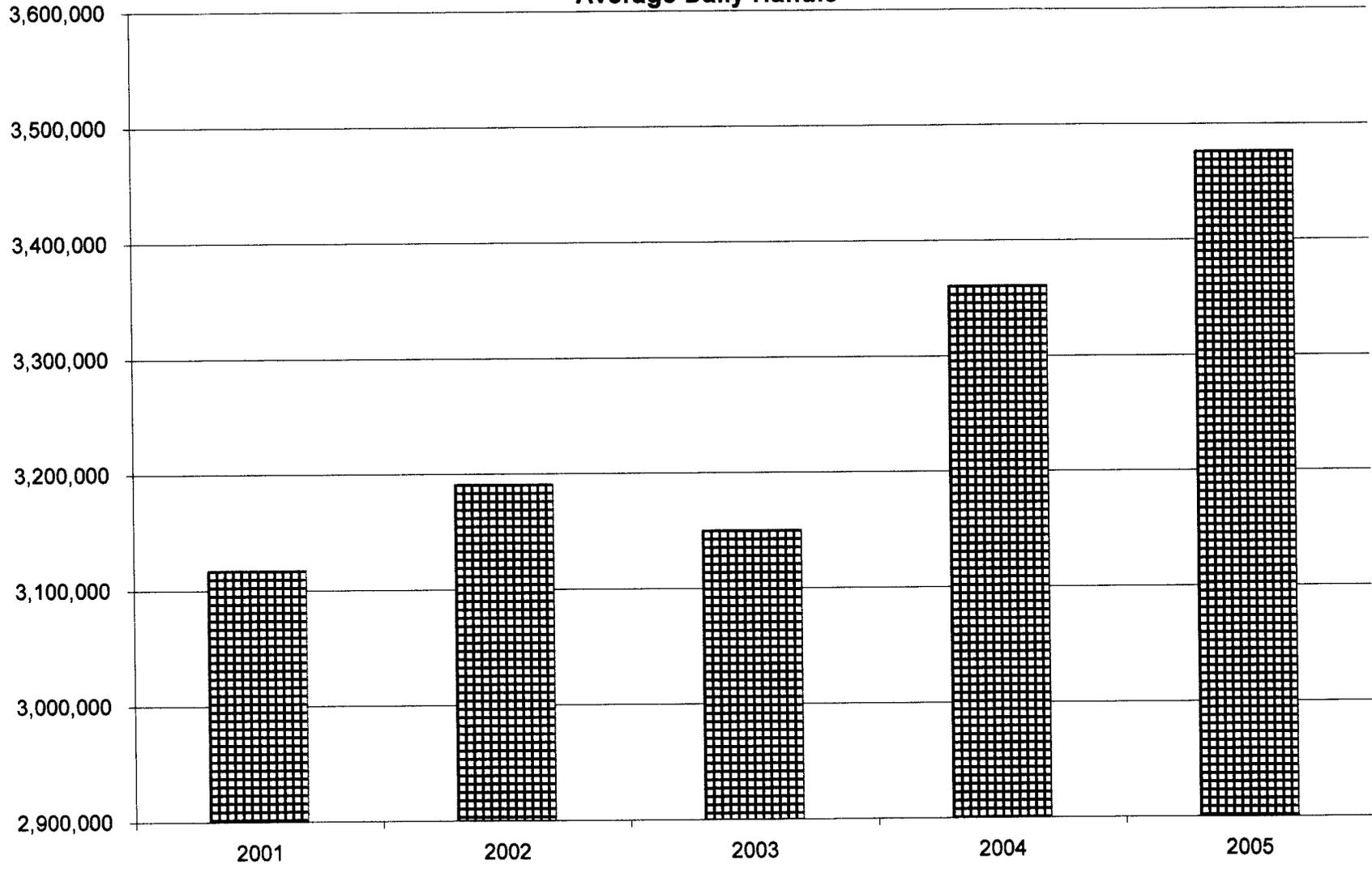
SONOMA COUNTY FAIR

YEAR	2001	2002	2003	2004	2005
TOTAL RACE DAYS	12	12	12	12	12
TOTAL HANDLE	37,412,511	38,294,049	37,806,166	40,331,217	41,717,374
ON-TRACK	6,383,250	6,059,343	5,970,978	5,998,847	6,203,650
OFF-TRACK	21,472,044	20,833,153	20,213,526	19,812,632	19,275,994
INTERSTATE	9,557,217	9,858,839	9,119,985	11,141,527	11,587,839
ADW	0	1,542,714	2,501,677	3,378,211	4,649,891
LIVE	21,538,585	22,203,325	22,131,376	25,068,211	26,398,349
INTRASTATE IMPORTED	9,433,181	9,265,874	8,817,248	8,111,305	7,776,470
INTERSTATE IMPORTED	6,354,568	6,788,169	6,699,668	7,151,701	5,835,800
INTERNATIONAL IMPORTED	86,177	36,681	157,874	0	1,706,755
AVERAGE DAILY HANDLE	3,117,709	3,191,171	3,150,514	3,360,935	3,476,448
ON-TRACK	531,938	504,945	497,581	499,904	516,971
OFF-TRACK	1,789,337	1,736,096	1,684,461	1,651,053	1,606,333
INTERSTATE	796,435	821,570	759,999	928,461	965,653
AVERAGE ADW	0	128,560	208,473	281,518	387,491
AVERAGE LIVE	1,794,882	1,850,277	1,844,281	2,089,018	2,199,862
INTRASTATE IMPORTED	786,098	772,156	734,771	675,942	648,039
INTERSTATE IMPORTED	529,547	565,681	558,306	595,975	486,317
INTERNATIONAL IMPORTED	7,181	3,057	13,156	0	142,230
TOTAL TAKEOUT	7,453,611	7,531,718	7,536,530	8,210,741	8,481,298
EFFECTIVE TAKEOUT	19.92%	19.67%	19.93%	20.36%	20.33%
STATE LICENSE FEES	422,476	402,535	390,410	394,331	390,007
STATE %	1.13%	1.05%	1.03%	0.98%	0.93%
TRACK COMMISSIONS	1,449,207	1,409,442	1,339,087	1,359,991	1,361,244
ADW COMMISSIONS	0	72,712	106,871	153,714	206,909
TOTAL COMMISSIONS	1,449,207	1,482,154	1,445,958	1,513,705	1,568,152
TRACK %	3.87%	3.87%	3.82%	3.75%	3.76%
HORSEMEN'S PURSES	1,467,908	1,425,172	1,355,566	1,376,209	1,378,609
ADW PURSES	0	69,620	108,145	155,546	209,489
TOTAL PURSES	1,467,908	1,494,792	1,463,711	1,531,755	1,588,098
HORSEMEN'S %	3.92%	3.90%	3.87%	3.80%	3.81%

SONOMA COUNTY FAIR

YEAR	2001	2002	2003	2004	2005
CAIIFORNIA ATTENDANCE	128,978	118,201	122,676	115,269	112,548
ON-TRACK	68,885	63,961	67,846	63,556	64,400
OFF-TRACK	60,093	54,240	54,830	51,713	48,148
DAILY ATTENDANCE	10,748	9,850	10,223	9,606	9,379
AVERAGE DAILY ON - TRACK	5,740	5,330	5,654	5,296	5,367
AVERAGE DAILY OFF - TRACK	5,008	4,520	4,569	4,309	4,012
TOTAL RACE EVENTS	132	133	134	134	133
STARTS	1,024	986	1,049	1,011	1,003
AVERAGE STARTS PER EVENT	7.8	7.4	7.8	7.5	7.5
AVERAGE HANDLE PER START	21,034	22,519	21,098	24,795	26,319

**SONOMA COUNTY FAIR
Average Daily Handle**



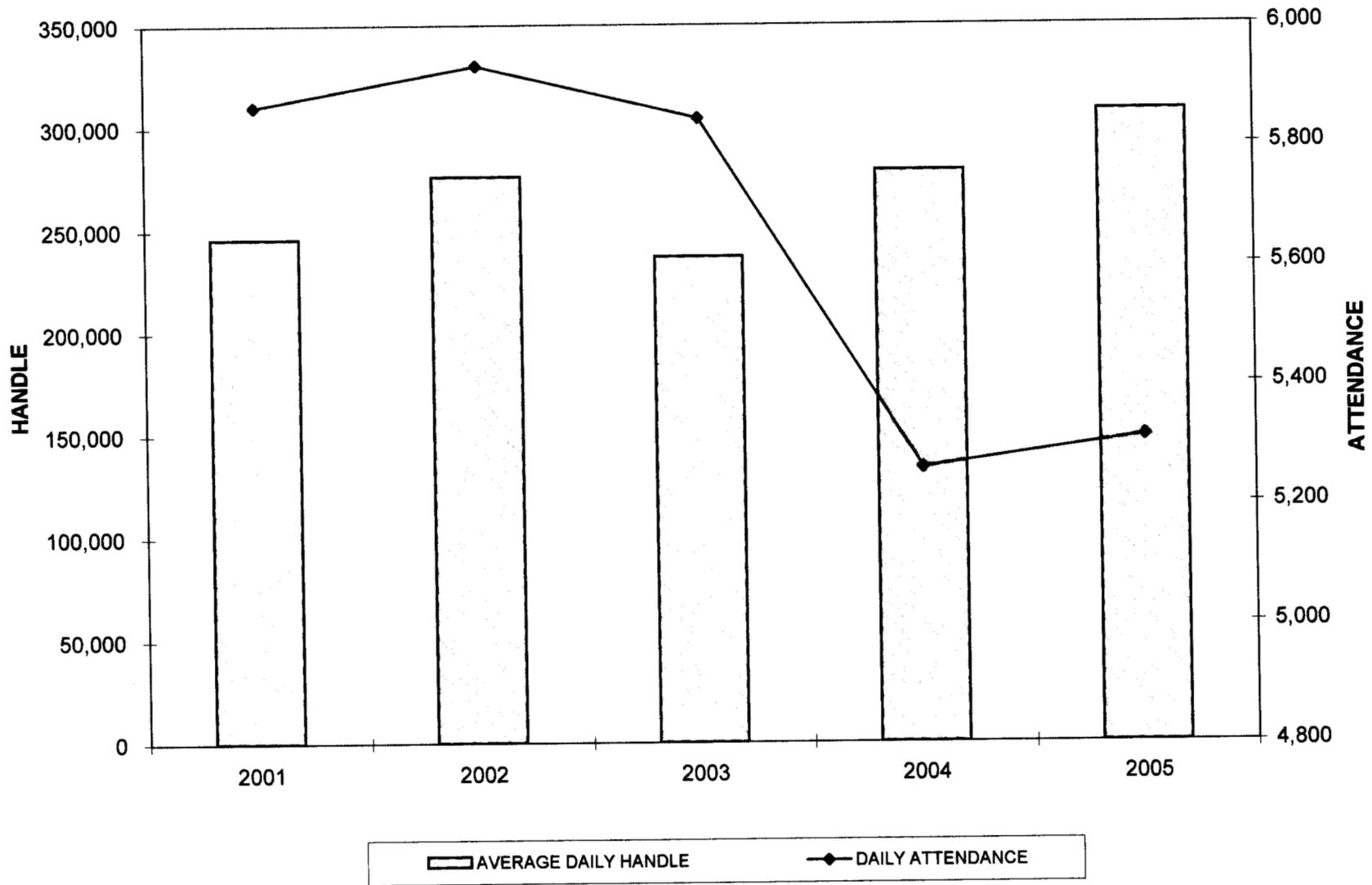
HUMBOLDT COUNTY FAIR

YEAR	2001	2002	2003	2004	2005
TOTAL RACE DAYS	10	10	10	10	10
TOTAL HANDLE	2,458,550	2,760,071	2,369,492	2,787,149	3,080,934
ON-TRACK	734,949	728,705	731,046	699,081	775,170
OFF-TRACK	1,593,085	1,545,617	1,163,479	1,264,637	1,200,644
INTERSTATE	130,516	228,581	65,262	91,763	182,915
ADW	0	257,168	409,705	731,669	922,205
LIVE	2,458,550	2,760,071	2,369,492	2,787,149	3,080,934
INTRASTATE IMPORTED	0	0	0	0	0
INTERSTATE IMPORTED	0	0	0	0	0
INTERNATIONAL IMPORTED	0	0	0	0	0
AVERAGE DAILY HANDLE	245,855	276,007	236,949	278,715	308,093
ON-TRACK	73,495	72,871	73,105	69,908	77,517
OFF-TRACK	159,308	154,562	116,348	126,464	120,064
INTERSTATE	13,052	22,858	6,526	9,176	18,292
AVERAGE ADW	0	25,717	40,971	73,167	92,220
AVERAGE LIVE	245,855	276,007	236,949	278,715	308,093
INTRASTATE IMPORTED	0	0	0	0	0
INTERSTATE IMPORTED	0	0	0	0	0
INTERNATIONAL IMPORTED	0	0	0	0	0
TOTAL TAKEOUT	500,203	528,364	479,314	566,834	626,069
EFFECTIVE TAKEOUT	20.35%	19.14%	20.23%	20.34%	20.32%
STATE LICENSE FEES	32,985	32,663	26,769	28,050	28,682
STATE %	1.34%	1.18%	1.13%	1.01%	0.93%
TRACK COMMISSIONS	136,599	138,186	115,380	118,212	122,852
ADW COMMISSIONS	0	12,859	20,179	34,561	43,675
TOTAL COMMISSIONS	136,599	151,045	135,559	152,773	166,527
TRACK %	5.56%	5.47%	5.72%	5.48%	5.41%
HORSEMEN'S PURSES	140,415	142,076	119,605	122,188	127,540
ADW PURSES	0	13,234	21,083	35,780	45,104
TOTAL PURSES	140,415	155,309	140,688	157,968	172,644
HORSEMEN'S %	5.71%	5.15%	5.94%	5.67%	5.60%

HUMBOLDT COUNTY FAIR

YEAR	2001	2002	2003	2004	2005
CALIFORNIA ATTENDANCE	58,639	59,320	58,433	52,587	53,112
ON-TRACK	18,648	22,919	22,442	21,759	22,811
OFF-TRACK	39,991	36,401	35,991	30,828	30,301
DAILY ATTENDANCE	5,864	5,932	5,843	5,259	5,311
AVERAGE DAILY ON - TRACK	1,865	2,292	2,244	2,176	2,281
AVERAGE DAILY OFF - TRACK	3,999	3,640	3,599	3,083	3,030
TOTAL RACE EVENTS	76	74	71	73	75
STARTS	473	482	416	421	483
AVERAGE STARTS PER EVENT	6.2	6.5	5.9	5.8	6.4
AVERAGE HANDLE PER START	5,198	5,726	5,696	6,620	6,379

HUMBOLDT COUNTY FAIR



HANDLE and ATTENDANCE