

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
FAX (916) 263-6042



PARI-MUTUEL OPERATIONS COMMITTEE MEETING

of the **California Horse Racing Board** will be held on **Wednesday, April 27, 2005**, commencing at **10:00 a.m.**, at the **Churchill Downs Hollywood Park Race Track, in the Sunset Room, 1050 S. Prairie Avenue, Inglewood, California**. Non-committee members attending the Board's committee meeting may participate in the public discussion, but shall not participate in any official committee vote or committee executive session.

A G E N D A

Action Items

1. Discussion and action regarding the **policy recommendations of the NTRA Players Panel as they pertain to the disposition of scratched runners in the Pick 3 and Pick 4 wagers.**
2. Discussion and action regarding the **minimum wager amount for Superfecta and other "super" exotic pools.**
3. Discussion regarding the **age and condition of the totalizator equipment currently used in California.**

Further information regarding the committee meeting may be obtained from John Reagan, Senior Management Auditor, at the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, California, 95825; telephone (916) 263-6000 or fax (916) 263-6042. A copy of this notice can be located on the CHRB website at www.chrb.ca.gov

PARI-MUTUEL OPERATIONS COMMITTEE

Commissioner Jerry Moss, Chairman
Commissioner John C. Sperry, Member

STAFF ANALYSIS
NTRA PLAYERS PANEL AND SCRATCHES

PARI-MUTUEL OPERATIONS COMMITTEE MEETING
APRIL 27, 2005

Background:

The NTRA Players Panel (Panel) recently issued its Policy Recommendations. Among the many topics was the matter of late scratches. Over the years technology has allowed the industry to have different answers to the question of what to do when a late scratch occurs. When bettors complained about the Pick Six consolation method many years ago the rule was changed to allow for the scratch to be replaced with the off time favorite. Pick Three and Pick Four players who were being given refunds for scratches at the time clamored for the same treatment and those rules were amended to allow for the off time favorite in place of scratches. Now the pendulum has begun to swing back in the other direction and the favorite replacement method is no longer deemed the best.

As evidenced by the attached summary of their recommendations on this subject, the Panel suggests a combination of refunds, consolation pools, and alternate selections to improve the current system. Some California players agree with this change and this item is on this agenda for further discussion in regard to the need for change, if any.

Recommendation:

This item is for information and discussion.

Subject. Arbitrary Transfer of Wagers to the Favorites Following Late Scratches in Pick-3 and Pick-4 Wagering

When late scratches occur in Pick-3 and Pick-4 wagering, after betting has begun, most tracks arbitrarily transfer the combinations that include the scratched horses to the betting favorites. The practice is patently and irredeemably unfair to the bettors. Racing's regular customers and bigger bettors have been abused most often, as when the key horse they have singled in the middle leg of a \$200.00 Pick 3 wager has been scratched en route to the gate, and the bettors are assigned instead the favorite they were betting against. The losses for most regular larger bettors already have added to thousands. The changes advocated below are modeled on current practices already in place in New York.

Recommendations:

1. Where late scratches occur in the first legs, refund all monies for the combinations that include the scratched horses.
2. Where late scratches occur in the middle and final legs, provide consolation payoffs to the bettors that have combined the scratched horses with the winners in the other legs, similar to traditional procedures applied to late scratches in the daily doubles.
3. In Pick-3 and Pick-4 wagering, where one horse of an entry is a late scratch, the other horse(s) runs as a non-betting interest for purse money only, and the bettors obtain refunds or consolation payoffs, as determined by the situations above.
4. In Pick-6 wagering, provide bet cards that allow bettors to select alternate horses in each of the six legs; no consolation payoffs.

STAFF ANALYSIS
DISCUSSION REGARDING BET MINIMUMS ON SUPER EXOTICS

PARI-MUTUEL OPERATIONS COMMITTEE MEETING
APRIL 27, 2005

Background:

Recently some tracks in the continental US have begun to experiment with 10-cent wagers on the Superfecta and other super exotics. This allows for players to buy many more combinations for a much lower cost (with the corresponding reduction in payout, of course). In California, racing associations have their pari-mutuel format approved in their license application. The pools to be offered and the bet minimums for those pools are included in those pari-mutuel formats. It is essentially the province of the racing associations to select their wagering product to offer their patrons.

So far, no California association has requested minimums of less than one dollar even though it is technologically possible. This item is for discussion regarding the desirability and interest in the sub-dollar wager.

Recommendation:

This item is for information and discussion.

STAFF ANALYSIS
UPDATE ON CALIFORNIA TOTE EQUIPMENT

PARI-MUTUEL OPERATIONS COMMITTEE MEETING
APRIL 27, 2005

Background:

Autotote/Scientific Games Racing (SGR) has provided tote systems to California for more than 15 years. Like many suppliers of electronic equipment, over that time many upgrades have been made to the internal operations of their totes and ticket-issuing machines and those upgrades are not always obvious when looking at the external cabinetry. At other times, there have been concerns about the efficiency of the equipment, repair rates, and maintenance schedules. However, SGR representatives have recently shared a number of concepts for hardware upgrades for the California market with their customer base. Some are upgrades available now such as some new models of wagering terminals; at a daily rental cost to the associations, of course. Other concepts are much larger such as the plan to create two SGR hubs that will essentially service all of the SGR racing customers in North America.

This item is for discussion and SGR representatives will be present to inform the Committee of these and other matters relating to the current and future tote hardware environment.

Recommendation:

This item is for information and discussion.