

CALIFORNIA HORSE RACING BOARD

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PARI-MUTUEL AND WAGERING **COMMITTEE MEETING**

Notice is hereby given that a meeting of the **Pari-Mutuel and Wagering Committee (committee)** of the **California Horse Racing Board (CHRB/Board)** will be held on **Tuesday, June 15, 2021**, commencing at **10:00 a.m. via teleconference**. The audio portion only of the committee meeting will be available online through a link at the CHRB website (www.chrb.ca.gov) under "Webcasts."

Please be advised, in accordance with Executive Order N-29-20, the CHRB will provide a teleconference option for its upcoming public committee meeting, to be held on **June 15, 2021 at 10:00 a.m.** Committee members and members of the public are strongly encouraged to participate using the teleconference phone number provided below so as to minimize the spread of COVID-19 and reduce the risk of infection during this current state of emergency. No physical location will be provided.

To participate in the teleconference, dial 888-392-4564 and enter 6896291# when prompted. To comment on an agenda item, press *1 during the call to be added to the queue. If you are a member of the public and wish to listen to the meeting and not participate, we request that you please listen to the meeting via the webcast link on our website to avoid congestion and potential technical difficulties.

The agenda for the meeting will consist of the following matters:

AGENDA

Action Items:

1. Discussion regarding the **California Authority of Racing Fair's (CARF) proposal to offer fantasy wagering at satellite wagering facilities.**
2. **Public Comment:** Communications, reports, requests for future actions of the Board. **Note:** During the public comment period, a total of thirty minutes will be allowed for public comments via the teleconference line. After thirty minutes, no further comments will be accepted. Each person will be limited to two minutes.

Additional information regarding this meeting may be obtained from the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. This notice is located on the CHRB website at www.chrb.ca.gov. *Information

for requesting disability related accommodation for persons with a disability who require aid or services in order to participate in this public meeting, should contact Amanda Drummond. Requests will be swiftly resolved by CHRB staff.

CALIFORNIA HORSE RACING BOARD

Dennis Alfieri, Chairman

Damascus Castellanos, Member

Scott Chaney, Executive Director

Cynthia Alameda, Assistant Executive Director

Parimutuel fantasy sports contests for the CARF Network

Challenges involving Horse racing and Fantasy Sports Leagues are significantly alike. Participants evaluate contests using comprehensive statistical databases of past performances. Utilizing intellectual forecasting skill, the contestants make selections with the goal of outwitting and/or profiting over other players.

Golden State Fantasy Sports (GSF) is the working title of a fantasy sports contest constructed to compliment California's pari-mutuel racing industry. Like all such fantasy contests, contestants pay an entry fee to participate in a GSF contest. Entries are submitted in traditional pari-mutuel formats such as Win, Place, Show, Daily Double, Exacta, Trifecta, Pick 6, etc., where contestants can receive a pro-rata share of the entry fees paid by all contestants in the game. The content for GSF contests comes from individual performance statistics of athletes in a sporting event or combination of sporting events common to fantasy sports, such as football, baseball, and basketball.

How GSF Works

Consider the following hypothetical NFL-based GSF contest where the proposition is "Most Yards Gained" for a quarterback during one week of NFL games. Such a contest would involve a field of well-known athletes with a depth similar to or greater than most horse races (30 or more quarterbacks play in a week during the regular season), and it would position athletes against one another who are most likely playing in different events. Each quarterback would be awarded points based on his individual performance during that week's contest. Quarterbacks could be assigned a point for each positive passing yard gained, and point totals could be adjusted according to other factors, such as touchdown passes or interceptions. All quarterbacks would then be ranked according to the points they accumulated. The quarterback scoring the most points would be the Win while the second highest scoring would be Place and the third, Show, and so on.

When selecting athletes, GSF contestants would rely on available performance statistics - *'past performances'* - and their ability to assess the relative value of the multitude of statistics, facts, and other variables, such as an athlete's abilities and health, opposing team defenses, weather forecasts, home field advantages, player surfaces, etc. GSF, as with fantasy sports contests in general, is designed with the specific objective that the contestant's skill, and not chance, is the determining factor of success.

Each athlete's value would ultimately be set by GSF contestants through, by analogy, a pari-mutuel process, and not by GSF or its operators. Entry fees would be set as a base price and displayed as relative odds against winning as determined by the contestants' distribution of selections in the contest. Athletes selected by players would have the value of their relative selection (i.e. their odds) changed according to the popularity of their selection by contestants.

This contest, and similar contests GSF would offer, is intended to serve as a feeder program introducing a much younger fan/player base than typically exists for pari-mutuel horse racing. The appeal of these contests will stimulate the California horse racing industry by:

1. Attracting new patrons to participating venues;
2. Using a legal contest format to create a new and additional revenue source for racing's stakeholders;
3. Protecting existing pari-mutuel employee's jobs, and creating new jobs associated with GSF and its planned in-state hub; and,
4. Expanding customer entertainment options for existing California racing/wagering venues and attracting new off-track venues.

GSF compliments California's existing pari-mutuel horse racing industry and can be integrated into operators' existing infrastructure and tote systems. User interfaces on computer terminals and mobile devices can be updated to offer GSF games.

HUB Administrative center



The HUB is contest control central, operating approximately 16 hours a day, up to 365 days a year. Over 10,000 contests can be developed annually, many more if demanded, especially through the potential of “in run” or “in game” contests. Contests are tote agnostic, so operate on any system using standard tote protocol. AmTote, perhaps others, have developed a sports user interface.

The fantasy hub, under the direction of CARF, operates as central control for all satellites including the following minimum duties:

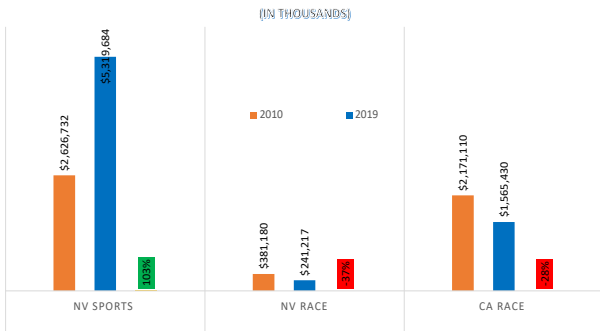
1. Daily contest content creation, data management
2. Tote data entry, opening odds, scratches and results
3. Daily analysis of contest play and consumer demand
4. Minimum daily prize determinations.
5. Pool seeding calculations, if necessary
6. Manage website for content, design and contest calendar
7. Manage Broadcast content and design
8. Development of all collateral materials, including printable daily entries, results and statistical data
9. Create and communicate content for marketing and promotions
10. Facility design assistance
11. Customer service for both facility and mobile applications
12. Manage the work and payment to the platform provider, contests are tote agnostic
13. Manage daily accounting and reconciliations with satellites
14. Satellite employee training

Most existing gaming facilities and ADW's can adapt contests into their existing menu of activities with relatively simple upgrades, operational planning and marketing.

The proposed facility model projects a 15% blended administrative fee (takeout) from contest entry fees (handle). The majority of the contest revenue will be shared with each satellite facility, a much greater share than the current satellite wagering facility horse racing model. The contest HUB, under the direction of CARF, will be responsible for management of operations, facility upgrades, customer service, employee training, marketing content creation, product development and delivery, tote administration, tote fees, and licensing.

The GSF pilot program is scheduled to begin with the start of the 2021 Football season.

10-YEAR INTRA-STATE HANDLE TRENDS



CALIFORNIA HORSE RACING BOARD
PARI-MUTUEL AND WAGERING
COMMITTEE

June 15, 2021

COMMITTEE MEETING

There is no board package material for Item 2