

June 14, 2010

Horse Racing Industry Principals and Management Committee Members

I am writing to follow up on the results of the June 7, 2010 meeting between representatives of BC's horse racing industry and the Management Committee.

Thanks to each of you for the professional and productive environment established at the meeting. The level of trust and cooperation that has evolved is critical if we are to deal with the challenges facing the industry.

At the meeting, we confirmed:

- The Management Committee's conservative fiscal approach is appropriate and supported by all parties;
- All parties acknowledge the financial shortfalls that have been identified. This included the understanding that the \$800,000 standardbred purse pool deficit was a consequence of the transition to the new financial model;
- In response to revenue challenges, total allocations have been reduced by \$5.9 million. The original and adjusted, reduced allocations for each sector are:

<b>Organization</b>	<b>Original Allocation</b>	<b>Current Allocation</b>
GCGC	\$19.36 m	\$17.16 m
TBC Teletheatre BC	\$12.10 m	\$12.53 m
Thoroughbred Sector (HBPA, CTHS)	\$10.75 m	\$8.38 m
Standardbred Sector (Harness Racing BC)	\$8.00 m	\$6.23 m
Interior Horse Racing Association	\$0.10 m	\$0.10 m
<b>Totals</b>	<b>\$50.31 m</b>	<b>\$44.41 m</b>

- Horsemen's associations have identified reductions in their activities (race days, purse pools, etc) to achieve the reductions in the allocations made to them. The Committee accepted all of those changes;

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- The reductions identified by horsemen's associations do not help GCGC address its required reduction of \$3.8 million. That reduction is an essential component of savings that must be achieved. Otherwise, the reduced race seasons and savings proposed by horsemen will be insufficient for the industry to achieve its overall revenue challenge. Horsemen's associations will work directly with Great Canadian Gaming Corporation to identify cost savings to address its \$3.8 m shortfall. This will require the consideration of every possible cost saving measure and may require further reduced seasons, a single dual-breed track, no overlapping seasons, and so forth. Ultimately, the Committee may have to seek more substantive measures in order to accommodate the fiscal circumstances;
- The Management Committee will table "operating principles for race events" to provide direction and consistency (e.g.: length of seasons, number of race days, size of purse pools, etc);
- The establishment of a TBC Advisory Group to provide recommendations to the Management Committee, which will make strategic decisions concerning the future of TBC. The TBC Advisory Group will include the current TBC partners, Bill McNeil, Marsha Walden and Chris Curtis.
- The Management Committee will oversee the overall purse pool allocations as part of the new allocation/funding disbursement process. Day-to-day management of the purse pools remains with the respective industry parties; and
- The CTHS request for assurance of the receipt of breeders award funding (currently deferred until year's end) will be discussed between CTHS, Glen Todd and GCGC. If not resolved that way, this matter will be brought back before the Committee.

Many thanks for your continuing involvement and cooperation.

Sincerely,



Derek Sturko  
Chair, BC Horse Racing Industry Management Committee

pc: Honourable Rich Coleman  
Chris Curtis