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April 29, 2013

Notice to the Industry

Ontario Racing Program – 2013 Schedule of Race Dates

On Friday, April 12, the Ontario Racing Commission (ORC) released the Director's Notice of Decision regarding May to December 2013 Race Dates, with reasons to follow. These are the reasons.

Reasons for Decision - Ontario Racing Program for May to December 2013

The Director of the ORC received applications to vary the 2013 Ontario Racing Program Race Date Schedule for:

- Ajax Downs
- Clinton Raceway
- Dresden Raceway
- Flamboro Downs
- Fort Erie Racetrack
- Georgian Downs
- Grand River Raceway
- Hanover Raceway
- Kawartha Downs
- Mohawk Racetrack
- Rideau Carleton Raceway
- Sudbury Downs
- Woodbine Racetrack (Standardbred)
- Woodbine Racetrack (Thoroughbred)

Each of the applications for variance has been reviewed and considered through an application of the principles of the Ontario Racing Program.

As has been acknowledged in previous race date decisions, the 2013 racing season continues to be an extraordinary year, affected by the cancellation of the Slots-At-Racetracks Program (SARP) that ended on March 31, 2013 and the introduction of government-funded transfer payments for racetrack operations, as well as the lease arrangements between the racetrack operators and Ontario Lottery and Gaming Corporation (OLG). All of these changes have impacted the scheduling of live horse racing in the province and the timing by which race dates could be approved.

Chronology of Approved Race Date Calendars

For 2013, live race date calendars were released as information became available.

On December 14, 2012, the ORC released race date calendars for the period covering January 1, 2013 to March 31, 2013, based on ORC Policy Directive 3-2007. To ensure the continuation of pari-mutuel wagering in the province, each racetrack was assigned approved dates and had its ORC licence issued for calendar 2013. The ORC only released those race date calendars covering the period of January through March 2013 for any racetrack that operated during that three-month period. It was expected that the balance of the live race date calendars would be released once the racetrack operators had confirmed their intentions with greater certainty in this post-SARP economic model.

On March 28, 2013, the ORC further released approved race date calendars for the month of April 2013. At that time, the Notice explained that some of the negotiations between racetrack operators and Government had not concluded or had been announced only days before, making consideration of a coordinated 2013 calendar within the framework of the Ontario Racing Program not possible. The decision was therefore made to release only the decisions regarding dates for April 2013 that were necessary to ensure the continuation of live racing.

Since that time, most negotiations between Government and the racetrack operators have concluded or reached greater definition. It was therefore possible to apply the coordinated scheduling approach of the Ontario Racing Program to the live race date schedule for the balance of the calendar year. The Notice of Decision dated April 12, 2013 therefore released race date schedules for all tracks seeking variances for the period May to December 2013.

Considerations relating to the new economics of Ontario horse racing

The race date calendars are the result of application of the Ontario Racing Program principles and implementation criteria to the new economics of the industry. Those new economics have been defined through Government negotiations with the industry; rental agreements between track operators and the OLG as well as the transfer payment agreements between tracks and Government have defined the financial circumstances for both the tracks and the purses.

The ORC notes that the current definition of the annual racing season may need to be reconsidered. The termination of SARP, the introduction of slot parlour rental agreements, and transfer payment funding has significantly changed the economics of Ontario horse racing. Those agreements are based on the Government's fiscal year of April 1 to March 31. Some track operators have already identified a desire to align certain events with Government's fiscal year, and this should lead to the re-examination of race date schedules and other regulatory time frames (such as annual licensing) that has historically been based on the calendar year.

Steve Lehman
Executive Director

REASONS FOR DECISION

The Director of the ORC received applications to vary the 2013 Ontario Racing Program Race Date Schedule for Clinton Raceway, Dresden Raceway, Flamboro Downs, Georgian Downs, Grand River Raceway, Hanover Raceway, Kawartha Downs, Rideau Carleton Raceway, Sudbury Downs, Woodbine Racetrack (SB and TB), Mohawk Racetrack, Ajax Downs, and Fort Erie Racetrack.

Ajax Downs (Quarter Horse)

Picov Downs Inc. (Ajax)'s application for Ajax Downs to vary included a reduction from 40 to 30 race dates in 2013 and a proportional shift to more Tuesday racing.

The following points were considered and form the basis of the Director's decision:

The rationale for Ajax's variance is two-fold. Primarily, the drop in dates is due to the funds available to operate a 30 race date schedule. Secondly, Ajax wishes to focus more on Tuesday racing where they are positioned in the simulcast market as an attempt to continue to grow their product.

- Customer Demand
 - Ajax has primarily been a community based type track that emphasizes the weekend atmosphere and a large crowd. In recent years, Ajax has been focussing simulcast efforts on Tuesdays, in an effort to grow their handle.
 - 2012's largest handles were on the simulcast days.
 - Ajax will continue with some weekend and holiday Monday dates that will offer the on-track experience.
- Purse Level
 - Ajax's purses have sufficient funding through the Quarter Horse Racing Industry Development Program (QHRIDP).
- Racing Opportunity and Horse Supply
 - Ajax did not state horse supply as a reason for seeking the variance.
 - Ajax projects to have a large enough horse supply for the proposed 30 dates.
- Financial Condition
 - Ajax is not receiving any transitional money from Government but has been approved to receive operating costs from QHRIDP.
 - The application, which relies on QHRIDP funding, is not sustainable long-term.
- Harmonized Schedule
 - Ajax is the lone Quarter Horse track in Ontario and their schedule does not conflict with any other tracks.
 - Their positioning on Tuesday afternoons works well with Fort Erie's simulcast product that starts at 4:30 p.m.
- Motivation to Conduct Live Racing
 - Ajax did submit a variance that stated their intentions were to race.

Based on the above points, the Director approves the variance.

Clinton Raceway (Standardbred)

Clinton Raceway Inc. (Clinton)'s application to vary the dates included adding an extra race date to their schedule, increasing from 19 race dates to 20.

The following points were considered and form the basis of the Director's decision:

Clinton's rationale for the variance was that an agreement was reached with Government that supported operating expenses for 20 live race dates at the track in 2013.

- Customer Demand
 - Clinton is a community based race track that historically caters to the weekend summer crowd.
 - Clinton does not offer a simulcast product and all handle is generated from on-track wagering.
 - A schedule structured around Victoria Day to Labour Day has been a benchmark in previous seasons for community based tracks.
- Purse Level
 - Clinton is assigned Grassroots level racing that aligns with the class of horse racing at the track and the handle that is generated.
 - Clinton has sufficient money in the purse account to offer Grassroots level racing for the season.
- Racing Opportunity and Horse Supply
 - The amount of racing opportunities at Clinton in 2013 is comparable to previous years.
 - Clinton has had a sufficient horse supply in previous season, with full fields at 96.4% in 2012.
- Financial Condition
 - Clinton reached an agreement with Government to receive operating money to conduct 20 cards of racing in 2013.
- Harmonized Schedule
 - Grassroots racing in the Central West region will consist of Clinton and Hanover in 2013. The two tracks will work together by offering Saturday-Sunday racing throughout the summer and fall.
 - The opening and closing of Clinton is pushed back two weeks on both ends, in comparison to Hanover, to give customers the opportunity late into September to attend the races and give horse people an extended race meet between the two tracks.
- Motivation to Conduct Live Racing
 - Clinton did submit a variance that stated their intentions were to race.

Based on the above points, the Director approves the variance.

Dresden Raceway (Standardbred)

Winrac Development Inc. (Dresden)'s application for Dresden Raceway was to vary to a 10 race day meet, decreasing from 23 in 2012.

The following points were considered and form the basis of the Director's decision:

Dresden's rationale for the variance was a lack of funds for operating and that they could only support 10 live race dates.

- Customer Demand
 - Dresden is a community based race track that historically caters to the weekend summer crowd and hosts some midweek race dates.
 - The handle on the midweek race date was lower than racing on the weekend.
 - Dresden does not offer a simulcast product and all handle is generated from on-track wagering.
 - A schedule structured around beginning around Victoria Day has been a benchmark in previous seasons for community based tracks.
 - Dresden boasts a larger handle when it races on holidays – specifically holiday Mondays than any other day due to a larger crowd.
- Purse Level
 - Dresden is assigned Grassroots level racing that aligns with the class of horse racing at the track and the handle that is generated.
 - Dresden has sufficient money in the purse account to offer Grassroots level racing for the season.
- Racing Opportunity and Horse Supply
 - Dresden may be the only track operating in the Southwest Region during this time, as Western Fair is shut down during the summer period.
 - There will be sufficient horses required to fill the race cards, as Dresden had full fields at 94.4% in 2012.
 - Some race cards may be used for OSS events.
- Financial Condition
 - Dresden did not apply to Government for operating expenses.
 - Dresden has stated in their application this is the reason for the reduced race dates and their financial condition can only support 10 race dates in 2013.
- Harmonized Schedule
 - Dresden's schedule does not conflict with any other race track. With no simulcast, there is no need to position it into the simulcast market.
- Motivation to Conduct Live Racing
 - Dresden did submit an application to vary and do wish to hold live racing in 2013. Their application stated only 10 race dates were possible due to financial constraints.

The Director has assigned 16 race dates to Dresden to provide racing opportunities in that area.

Flamboro Downs (Standardbred)

Great Canadian Gaming Corporation (GCGC)'s application to vary Flamboro Downs was a six-month schedule at four days per week, from November 2013 through April 2014, resulting in racing only in November and December of 2013.

The following points were considered and form the basis of the Director's decision:

GCGC's rationale for the variance was that the terms of the agreement with Government stated 100 live race dates were to be held at Flamboro over a continuous six-month period.

- Customer Demand
 - Flamboro has experienced an increase in its average wager per card in 2013, growing from \$178K (Ontario betting on Ontario) in 2012 to \$197K in 2013.
 - Flamboro has been conducting an 11-month meet for the past couple of years and the numbers support there is demand for the product in the simulcast market.
- Purse Level
 - Flamboro Downs has been assigned 94 Signature cards from April 2013 to March 2014.
 - The projected purse account for 2013 is sufficient – and may not require purse pooling with Georgian Downs this year.
- Racing Opportunities and Horse Supply
 - Under the proposed schedule, Western Fair is the only Signature track racing in April (4) and May (2), so there is a shortage of Signature level racing during this period, as no dates are assigned to Georgian Downs or Grand River during this time, and Kawartha is a Grassroots card in May.
 - The number of unique entries at Flamboro is up in 2013, and 2012 saw full fields in 94.3% of the races.
 - In previous seasons there has been an increase in the number of unique entries across the province as the year moves into the spring months. This is due to the return of the younger horses, as horse people prep them for the upcoming season.
 - Given the tight schedule of the announcement, there was not sufficient time to drop dates in April with no warning to horse people, as they require advanced notice to make decisions.
 - Additional Signature level racing is required in May, as Flamboro is kept at three days per week in order to provide the required racing opportunities. Without application of the Ontario Racing Program, there would have only been 2 days of Signature racing per week, compared to 11 Signature days per week in 2012, at a time when the demand for racing opportunities for younger horses is at its peak, a condition necessary to sustain racing product for the year.

- Financial Condition
 - GCGC reached an agreement with Government to conduct racing. The agreement is for 100 days of racing at Flamboro between April 1, 2013 and March 31, 2014.
 - Similar to arrangements made for April, additional funding may be required to continue racing operations in May 2013.
- Harmonized Schedule
 - Flamboro and Western Fair will be the only tracks offering Signature level racing in the Central Region during the months of April and May.
 - The approved schedule is a reflection of the projected amount of race dates that will be available for the remainder of the year based on the agreement with government. The schedule was spread out to accommodate horse people and the customers going forward.
- Motivation to Conduct Live Racing
 - GCGC's application to vary did not address this factor.

Based on the above reasons, the Director varies the application to include racing in April at four days per week and three days per week in the months of May, November and December.

Fort Erie Race Track (Thoroughbred)

Fort Erie Live Racing Consortium (FELRC)'s application to vary Fort Erie's schedule included a reduction from 77 to 50 live thoroughbred race dates in 2013. There was no application for variance relating to quarter horse racing at Fort Erie.

The following points were considered and form the basis of the Director's decision:

The rationale for FELRC's variance is based upon the agreement reached with Government that provided operating funds for 50 race dates.

- Customer Demand
 - FELRC did not apply for the variance due to a lack of customer demand in the product.
 - FELRC is the focus product when the Premier track is not racing.
 - There needs to be a balance between the Premier and Signature TB racing throughout the week for the simulcast market.
- Purse Level
 - Fort Erie was assigned Signature level TB racing.
 - Based on purse projections, there appears to be sufficient purse funding to support this level of racing.
- Racing Opportunity and Horse Supply
 - FELRC pushed back the opening of the meet to accommodate their reduced schedule.
 - The meet will begin with a two day per week schedule to build up a sufficient horse supply before expanding to three days per week for the remainder of the summer.

- Financial Condition
 - FELRC reached an agreement with Government to race 50 live thoroughbred dates in 2013 and is the reason for the reduction in race dates.
- Harmonized Schedule
 - Fort Erie is the only Signature TB track and their schedule blends with the Premier TB track.
 - The Twilight start time for Mondays and Tuesday fits in the simulcast market to maximize the wagering dollars.
- Motivation to Conduct Live Racing
 - FELRC's application to vary did not address this factor.

Based on the above points, the Director approves the variance.

Georgian Downs (Standardbred)

GCGC's application to vary Georgian Downs was to delete racing in April and May, and operate for a three-month period for 25 live race dates at a Grassroots level.

The following points were considered and form the basis of the Director's decision:

GCGC's rationale for the variance was based on the agreement reached with Government that stated their schedule would be for three months and 25 live race dates.

- Customer Demand
 - Georgian Downs has been transitioning to a shorter race meet for the past few years; however, were still operating on a 9-month meet in 2012.
 - Georgian Downs has a strong market in the simulcast world, most notably on Tuesday night when they have been the featured Signature product in Ontario.
 - The handle on Saturday cards has been decreasing over the years due to a large amount of US tracks racing at the same time.
 - Georgian attracts a large and young crowd on Saturday night during the summer, as it is able to inject 'young blood' into the industry.
- Purse Level
 - GCGC applied for Grassroots level racing, but applied for purses that would be higher than associated with this level.
 - Georgian has been assigned Signature racing since the inception of the ORP.
 - Georgian has sufficient purse money to offer Signature level racing.
 - Due to the money being available and that the Georgian product is needed for the simulcast market, Georgian is classified with Signature level racing.
- Racing Opportunity and Horse Supply
 - A reduction from 103 race dates in 2012 to 37 in 2013 (4 in January) is a drop of 64% and this will negatively impact the number of racing opportunities.
 - Not racing in April and May has left a gap in the schedule, one that was corrected under the ORP with the continuation of racing at Flamboro in April and May, and the expansion of days at Western Fair.

- The proposed three-month schedule leaves a large gap in the Central Region for Signature racing, no matter where the schedule is placed.
- Grand River is the only other track operating at a Signature level during the Summer months.
- A two day per week schedule at Georgian balances the amount of Signature racing during the week when paired with Grand River, but leaves a large gap in either June or October when there will be limited racing opportunities.
- Both periods would present a severe challenge to get horses in to race, especially with the expected peak in June to the horse supply.
- A three-month schedule was not enough under the principles of the ORP and the Georgian meet needed to be expanded to four months to support the horse supply and the Ontario simulcast product.
- Georgian is one of the few 5/8ths mile track offering Signature racing in Ontario. The 5/8ths track will be needed for OSS events.
- Financial Condition
 - GCGC did reach an agreement with Government to conduct 25 race dates during a three-month period.
 - It is acknowledged that GCGC may need additional funding in order to conduct the assigned four-month meet at the Signature level.
- Harmonized Schedule
 - Georgian and Grand River will be the primary focus of Signature racing during the summer months.
 - Georgian will be the only track offering Signature racing on its two race nights and will not conflict with any other tracks.
 - Georgian was added into June in order to fill the gap that was left in the Central Region.
- Motivation to Conduct Live Racing
 - GCGC's application to vary did not address this factor.

Based on the above points, the Director varies the application to a four-month meet, June through September.

Grand River Raceway (Standardbred)

Grand River Agricultural Society (Grand River)'s application to vary Grand River Raceway was a reduced race schedule of 50 days, down from 65 in 2012.

The following points were considered and form the basis of the Director's decision:

Grand River's rationale for the variance was based on the agreement reached with Government that provided operating expenses for 50 live race dates.

- Customer Demand
 - Grand River has previously conducted race meets in the 60-70 races per year range, which demonstrates there has been a demand for a similar schedule.
 - Grand River simulcasts their product and reaches the \$100,000 handle threshold for a Signature card.
 - The on-track experience on a Friday night rates as one of the best for an Ontario track.
 - Grand River will serve as the secondary product to the Premier track on race nights.
- Purse Level
 - Grand River is assigned to conduct Signature cards.
 - Based on purse projections, purse pooling will likely be required.
- Racing Opportunity and Horse Supply
 - Grand River did not state horse supply as a reason for the requested reduction in dates, as evidenced by their 93.8% full fields in 2012.
 - Grand River will be one of two tracks in the Central Ontario region that will conduct Signature level racing in the summer months.
 - The decrease in Signature racing at this time will provide an ample horse supply for Grand River to fill the required cards.
 - Grand River maintains the Monday-Wednesday-Friday schedule similar to 2012.
 - Racing was added in October due to the lack of other opportunities at this time with Flamboro and Georgian shut down.
 - The October schedule uses Sunday instead of Friday, as a way to attract a 'Sunday dinner' crowd and fill the popular simulcast product slot typically occupied by Flamboro and Windsor for many years.
- Financial Condition
 - Grand River reached an agreement with government that provided funding for 50 race dates.
 - In order to fulfill the 63 race dates, it is acknowledged that Grand River may need additional funding to extend their meet into October and conduct 13 extra cards.

- **Harmonized Schedule**
 - The Grand River-Western Fair circuit remains in 2013, as Grand River opens in June when Western Fair closes.
 - October will see both tracks racing at the same time to provide the needed racing opportunities and simulcast product. While Mondays are a conflicting date, Western Fair starts with a twilight card that leads into Grand River's evening post time.
 - During June-September, Grand River will be the lone Signature card on certain days of the week.
- **Motivation to Conduct Live Racing**
 - Grand River's application to vary did not address this factor.

Based on the above points, the Director varies the application to include 13 extra dates in October.

Hanover Raceway (Standardbred)

Hanover Bentinck & Brant Agricultural Society (Hanover)'s application to vary Hanover Raceway was a reduced schedule of 20 dates running from May 4th to September 7th, including as a race date, a qualifying day on April 27th. Hanover had 32 days in 2012.

The following points were considered and form the basis of the Director's decision:

Hanover's reasoning for the variance was based on an agreement reached with Government that provided operating expenses for 20 live race days.

- **Customer Demand**
 - Hanover is a community based race track that historically catered to a weekend summer crowd.
 - Hanover offers a limited simulcast product and the majority of the handle is generated from on-track wagering.
 - A schedule structured around Victoria Day to Labour Day has been a benchmark in previous seasons for community based tracks.
 - In previous season's Hanover has aligned their opening day to accommodate a large on-track crowd that corresponds with the Kentucky Derby.
- **Purse Level**
 - Hanover is assigned Grassroots level racing that aligns with the class of horse racing at the track and the handle that is generated.
 - Hanover has sufficient money in the purse account to offer Grassroots level racing for the season.
 - The projected purse account for 2013 is sufficient for this level of racing.
- **Racing Opportunity and Horse Supply**
 - The number of racing opportunities at Hanover in 2013 will be decreased as a result in the reduced schedule.
 - Hanover has had a sufficient horse supply in previous season, with full fields at 93.3% in 2012.

- It is expected that Hanover will have enough horses to conduct the required cards, as this is not the reason for the reduce number of dates.
- Financial Condition
 - Hanover reached an agreement with Government to receive funding to conduct 20 cards of live racing in 2013.
- Harmonized Schedule
 - Grassroots racing in the Central West region will consist of Clinton and Hanover in 2013. The two tracks will work together by offering Saturday-Sunday racing throughout the summer and fall.
 - Hanover will not conflict with any other Grassroots card in the Region on Saturday nights.
- Motivation to Conduct Live Racing
 - Hanover is willing to race and reached an agreement with Government to conduct racing.
 - The application to vary the schedule from 2012 was based on the funding available.

Based on the above variance, the Director varies the application to a schedule commencing on May 4th until September 14th, as a qualifying session does not count as a race date. The Director, however, does encourage Hanover to host a day of qualifying races for the horse people on April 27th, to ensure adequate horse supply for the dates assigned.

Kawartha Downs (Standardbred)

On March 31, 2013 the Director rescinded his decision to cancel the license and the 2013 race dates issued to Kawartha Downs Limited (Kawartha). Kawartha has since submitted a variance requesting 20 live race dates starting May 18, 2013.

The following points were considered and form the basis of the Director's decision:

Kawartha's rationale for the variance was based on an agreement that was reached with Government that provided funding for 20 live race dates, concluding on August 31.

- Customer Demand
 - Kawartha draws a strong crowd on Saturday nights during the summer, resulting in one of the largest on-track handle of any track.
 - Kawartha has seen a decrease in the demand for their product in the simulcast market over the past few years with increased competition.
 - Kawartha did not state a lack of customer demand as a reason for the variance.
- Purse Level
 - Kawartha is assigned Grassroots level races for their meet.
 - In recent years, Kawartha has offered a mix of Grassroots and Signature racing.
 - Kawartha has sufficient purse money to offer Grassroots races.

- Racing Opportunity and Horse Supply
 - Kawartha had been operating on a 96-date schedule in recent years. The new schedule will result in a significant drop in racing opportunities at the track.
 - Kawartha did not feel a lack of entries will be an issue.
- Financial Condition
 - Kawartha signed an agreement with Government that would support 20 live race dates by the end of August.
- Harmonized Schedule
 - Kawartha is the only track in the Central West region that offers Grassroots level racing.
 - The Saturday night Grassroots card does not conflict with any other similar cards in the Region and blends in well with Rideau.
 - The addition of Thursdays in August was requested by Kawartha as they felt this night would garner the largest crowd and handle.
- Motivation to Conduct Live Racing
 - Kawartha's application to vary did not address this factor.

Based on the above points, the Director approves the application.

Rideau Carleton Raceway (Standardbred)

Rideau Carleton Raceway Holdings Limited (Rideau)'s application to vary Rideau's schedule included a reduction from 159 dates in 2012 to 91 in 2013. The schedule will remain at Sunday and Thursdays through September 19, and then Sundays the remainder of the year.

The following points were considered and form the basis of the Director's decision:

Rideau's application was based on the funding available from an operating and purse account viewpoint. Rideau did not apply to Government for operating expenses and will be funding their own racing operating expenses.

- Customer Demand
 - Rideau began selling their signal to US Markets in New Jersey and California in 2013. In that time Rideau's average wager per card has increased from \$143K in 2012 to \$174K in 2013.
 - There is no contingency plan in place for Rideau's teletheatres. If they were closed down, the customers would not be served and wagering would be lost.
 - Rideau is committed to a consistent schedule and keeping their strongest wagering date, Sunday, for the remainder of the year.
- Purse Level
 - Rideau has acknowledged in their application that purse levels will need to be restructured in order to continue live racing for the year; it is projected that purses will amount to \$3.2M.
 - Rideau will use its existing purse account underpayment to support this purse level.

- Racing Opportunities and Horse Supply
 - Rideau is the only remaining track in the Eastern Region offering Signature racing.
 - Horse supply for January and February has decreased from unique entries of 178 in 2012 to 152 in 2013.
 - Rideau had full fields in 91.6% of races in 2013. The reduction from a 15-race card to a 12-race card will improve the number of full fields and thus, should increase the wagering handle on those races.
 - The horse supply in the region appears sufficient to support the proposed schedule.
 - Local horse people will need the opportunity to race as they transition their stable to the new racing model and schedule.
- Financial Condition
 - Rideau is not receiving any transitional money from Government and will be responsible for all operating costs in excess of commission revenue.
 - Rideau has stated that the variance from the 2012 schedule is due to the loss of SARP.
 - The application, based on the splitting of commissions between the track operator and the purse account, may not be sustainable beyond 2013.
- Harmonized Schedule
 - The closest track to Rideau is geographically remote and they do not significantly impact other tracks.
 - Rideau is scheduled to be the only Signature track on Thursday to compliment the Premier track.
 - The Sunday night will be accompanied by Flamboro in months that track races. History shows both tracks can race and generate handle on the same night.
- Motivation To Conduct Live Racing
 - Ownership is willing to race, acknowledging that financial commitment is being made.
 - Horse people agree with both the schedule and the purse levels.
- Potential Conditions/Recommendations
 - The addition of a number of Ontario Sires Stakes Races may lessen the strain on the purse account in 2013 and may generate a larger handle on those races for the purse account compared to overnight races.

Based on the above points, the Director approves the variance.

Sudbury Downs (Standardbred)

Macranald Enterprises Inc. (Sudbury)'s application to vary Sudbury Downs was to move their race schedule from 62 dates in 2012 to 20 in 2013, including a shift to Sunday afternoon racing.

The following points were considered and form the basis of the Director's decision:

Sudbury's rationale for the variance was based on an understanding with Government and the funds that would be made available to sufficiently operate 20 live race dates. To date, the Government has only provided racetracks designated to offer Grassroots cards with operating expenses sufficient to fund 20 days of racing.

- Customer Demand
 - In previous years, Sudbury Downs has raced approximately an 8-9 month meet.
 - The handle generated during this time did not reflect wide based customer support for their product.
 - Handle was generated primarily from on-track wagering, although this product was available on HPI .
 - Sudbury's average handle in 2012 was under \$7K per card.
- Purse Level
 - Sudbury has offered Grassroots level purses with variances applied in previous years.
 - Sudbury has sufficient purse to offer Grassroots racing in 2013.
 - With purse levels averaged at \$47,603 per card in 2012, the ROI in comparison to the handle is not sustainable going forward.
- Racing Opportunity and Horse Supply
 - There is a finite horse supply in the Northern Region for Sudbury Downs.
 - The number of racing opportunities as a whole will be decreased in 2013.
 - Without additional funding Sudbury does not generate sufficient revenue streams from racing to offer an extended meet.
 - The number of unique entries remained level in 2012, at 77 per card, the same as in 2011. Those figures were down from 133 in 2010.
- Financial Condition
 - Sudbury communicated that they had reached an understanding with Government to conduct 20 race dates in 2013.
- Harmonized Schedule
 - As the only track in the Northern Region, Sudbury's schedule does not significantly impact other tracks.
 - The shift to Sunday afternoon will give horse people the opportunity to also race at the nearest track, Georgian on Tuesdays and Saturday nights.
- Motivation to Conduct Live Racing
 - Sudbury acknowledges they are no longer able to offer racing at the same level as in previous years, but do wish to keep racing going with a shorter racing season.

Based on the above points, the Director approves the variance.

Western Fair Raceway (Standardbred)

Western Fair Association (Western) did not submit an application to vary the approved schedule for Western Fair for 2013, specifically the months of April and May.

The following points were considered and form the basis of the Director's decision:

Following discussions with management at Western, the racing schedule in May was extended from two days per week to four in order to provide the required racing opportunities in the region.

- Customer Demand
 - Western has the highest wagering handle per card of any Signature standardbred racing in Ontario.
 - Western has found a position in the simulcast market that allows it to thrive by offering Twilight cards in the 'bridge' market.
 - Western did not raise a lack of customer demand as a reason for any variance.
- Purse Level
 - Western has stated additional purse money will be required in order to fulfill the new proposed calendar if it is to offer competitive and attractive purses for horse people to race at the track.
- Racing Opportunity and Horse Supply
 - Western does not believe horse supply is an issue at their track and was not a reason for seeking any variance.
 - Western operated a schedule of 123 dates in 2012.
 - A gap of Signature level racing was identified in May, which would have Western as the only track racing based on the Transitional Agreements. As a result, Western's schedule was expanded from two days a week to four, maintaining the current schedule from January-April, to maintain a level of Signature racing.
 - Western will be the featured product on nights that the Premier track does not race.
 - Another schedule gap was identified in October when no Signature racing was available in Central Ontario. Western's schedule was set to begin in mid-October. To maintain a level of Signature racing, Western was inserted into the full month of October. Instead of racing at four days per week, Western will debut a new three day per week schedule when the meet starts in October. Into late Fall and through December, Western and Flamboro will offer Signature racing in the Central Region.
 - The focus of this approach for Western was to race less days per week, but more months so that it would fill any potential gaps in the calendar, otherwise there would be periods with insufficient racing opportunities available.
- Financial Condition
 - Western reached an agreement with Government that provided funding for 100 race dates.
 - Western's race calendar from April 1, 2013 to March 31, 2014 could reach 114 race dates. Western Fair may need additional funding to exceed the number of annual cards contemplated in their agreement with government.

- Harmonized Schedule
 - Western and Grand River have worked together with their race schedules in the past and this was desired again in 2013.
 - The Western ends in May, when Grand River starts.
 - In October, both Western and Grand River will race. The Friday conflict was removed when Grand River switched to Sunday nights. Both tracks will race on Monday, with Western being a Twilight card that leads into Grand River at night.
 - The schedule is similar to ones approved in previous years, except expanded into the whole month of October. Prior, Western have would start back in the middle of October, but it was noted that from a track simulcasting perspective, it is detrimental to race for only half a month.
 - Going forward following October, Western was separated from the other Signature product at Flamboro.
- Motivation to Conduct Live Racing
 - Western's application to vary did not address this factor.

Based on the above points, the Director approves the race dates as assigned.

Woodbine Racetrack (Standardbred)

Woodbine Entertainment Group's (WEG) application to vary included maintaining a four day per week schedule in 2013, as they did following approved variances in 2012. WEG also wished to change the start and closing of their two meets at Mohawk and Woodbine.

The following points were considered and form the basis of the Director's decision:

The rationale for WEG's variance was to continue their schedule from 2012 to 2013 as they transition to their new racing model based on the agreements with Government.

- Customer Demand
 - Woodbine Standardbred is the Premier track in Ontario and it is of the utmost importance to showcase the product for the betting public.
 - The customers expect a consistent yearly schedule. The schedule was reduced to four days a week in 2012 and WEG seeks to maintain that racing calendar. Wagering levels showed the reduced schedule did not negatively impact the demand for the product.
- Purse Level
 - WEG must ensure it offers purses that keep it competitive with top jurisdictions in the US in order to maintain its horse supply.
 - Based on projections, there are sufficient funds in the purse account to support racing at four days per week.
- Racing Opportunity and Horse Supply
 - As the only Premier track, there needs to be sufficient racing opportunities available for horse people.

- WEG has seen an increase in the amount of unique entries through the first quarter of 2013.
- WEG states that to remain competitive in the simulcast market the product must consist of full fields, and a larger schedule hinders their ability to put together a quality product.
- Financial Condition
 - WEG reached an agreement with Government for funding of 183 live standardbred race dates, beginning on April 1.
- Harmonized Schedule
 - WEG offers the only Premier product in Ontario and as a result, races on the days with the highest demand for the product and where it thrives in the US markets.
- Motivation to Conduct Live Racing
 - WEG's application to vary did not address this factor.

Based on the above points, the Director approves the application.

Woodbine Racetrack (Thoroughbred)

WEG's application to vary included a reduction from 170 to 133 race dates in 2013, which included postponing the start of the meet until April 20.

The following points were considered and form the basis of the Director's decision:

The rationale for WEG's variance is based upon the agreement reached with Government that provided WEG with operating funds for 133 live thoroughbred race dates. The schedule was changed to accommodate a delayed start by two weeks.

- Customer Demand
 - Woodbine Thoroughbred is the Premier track in Ontario and it is of the utmost importance to showcase the product for the betting public.
 - The customers expect a consistent yearly schedule. The schedule was reduced to four days per week in 2012 due to purse constraints and an available horse supply. WEG is seeking to maintain that racing calendar. Wagering shows the cut in dates from 2012 did not negatively impact the overall handle.
- Purse Level
 - WEG must ensure it offers purses that keep it competitive with top jurisdictions in the US in order to maintain its horse supply.
 - Based on projections, there are sufficient funds in the purse account to support racing at four days per week.
- Racing Opportunity and Horse Supply
 - As the only Premier track, there needs to be sufficient racing opportunities available for horse people.

- WEG did apply for and was approved a variance near the end of the meet in 2012 due to a reduction in horse supply and these trends are expected going forward in 2013.
- WEG expressed that to remain competitive in the simulcast market the product must consist of full fields, and a larger schedule hinders their ability to put together a quality product.
- Financial Condition
 - WEG reached a deal with Government to race 133 dates in 2013 and is the reason for the reduction in race dates.
- Harmonized Schedule
 - WEG TB is the Premier product and will be showcased on the days that will generate the largest handle.
- Motivation to Conduct Live Racing
 - WEG's application to vary did not address this factor.

Based on the above points, the Director approves the variance.

Woodstock Raceway (Standardbred)

Winrac Development Inc. did not request a variance. Through discussions with the operator, the racetrack's financial conditions were discussed and it was understood that live racing at the track was not viable for 2013. Even in the absence of live racing, the racetrack operator intended to serve the pari-mutuel customer under the existing Winrac betting permit associated with Dresden Raceway. Woodstock Raceway was therefore not assigned live race dates in the 2013 under the Ontario Racing Program.

Upon learning that a CPMA interpretation of the betting permits threatened a disruption of service to pari-mutuel customers, the Director immediately rescinded the decision to assign no race dates to Woodstock. As a result of the rescinded decision, Woodstock retains its 2013 race date calendar that was approved in December 2012 (with dates based on its 2012 schedule) for the interim, pending an application regarding its racetrack operator's licence to be received shortly.

The New Hiawatha Horse Park (Standardbred)

405730 Ontario Ltd. did not request a variance. Hiawatha therefore retains its 2013 race date calendar that was approved in December 2012 until more information is available.

Dated this date at April 29, 2013



Steve Lehman
Executive Director