

**Ontario
Racing
Commission**

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December 10, 2010

To: Picov Downs Inc., Fort Erie Live Racing Consortium, Woodbine Entertainment Group, Clinton Raceway Inc., Winrac Development Inc., Great Canadian Gaming Corporation, Grand River Agricultural Society, Hanover Bentinck & Brant Agricultural Society, 405730 Ontario Ltd., Kawartha Downs Limited, Rideau Carleton Raceway Holdings Limited, Macranald Enterprises Inc., Windsor Raceway Inc., Western Fair Association

RE: NOTICE OF DECISION

Ontario Racing Program - 2011

This Notice of Decision on the applications for 2011 race dates is being issued jointly due to the interdependent nature of the application of the Ontario Racing Program.

On November 19, 2010 applications for 2011 race dates were received. These applications were circulated as part of the public input process and comments were received.

The applications were considered in the context of the framework for race date allocation that was approved by the Board of the Ontario Racing Commission at its meeting held on September 9, 2010.

After considering the applications and the various submissions received, and following a year-long consultation process and participation from racetracks and all horse people associations, the Director approves the Ontario Racing Program for 2011 comprised of 1,562 race dates to be allocated as follows:

Thoroughbred

Fort Erie	78
Woodbine	167

Quarter Horse

Ajax	40
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Standardbred

Clinton	20
Dresden	23
Flamboro Downs	199
Georgian Downs	105
Grand River	69
Hanover	32
Hiawatha Horse Park	47
Kawartha Downs	96
Mohawk	98
Rideau Carleton	158
Sudbury Downs	65
Windsor	92
Western Fair	121
Woodbine	129
Woodstock	23

All applications for simulcasting are approved as submitted.

Copies of the calendars for the Ontario Racing Program, Regional Circuit calendars, as well as calendars for the respective racetracks are attached.

Please be advised that you or any other aggrieved party have the right to appeal the Director's decision to the Commission. Please note that the hearing dates have been scheduled for December 16, 2010 and January 25, 2011. Any Notice of Appeal must be filed no later than noon on December 13, 2010.

Sincerely,

A handwritten signature in blue ink, appearing to read 'John L. Blakney', with a long horizontal flourish extending to the right.

John L. Blakney
Executive Director

**Ontario Racing Program
Standardbred Regional Circuits**

REASONS FOR DECISION

Overview

In September of 2010, the ORC Board accepted and approved a framework for the Ontario Racing Program and the allocation of race dates. To implement the principles of the approved framework, the following parameters were applied:

1. Community-based tracks should primarily operate from May until Labour Day weekend.
2. Conflicting dates within regions should be resolved wherever possible to improve racing opportunities.
3. Seasonal start and end dates should be coordinated between tracks to reduce or remove overlap and gaps.
4. Certain longer term proposed structural changes could be tested through the use of “pilot programs” incorporated in this schedule.
5. Accepting that a phased-in approach is being used, purse monies would move between racetracks in certain limited circumstances.

Implementation of the framework in 2011 has focused on the introduction of a few fundamental initiatives which include:

1. Race date calendars have been synchronized to promote wagering and increase racing opportunities for horse people. By removing scheduling conflicts, the same or even fewer race dates can mean more racing opportunities.
2. A system of purse management has been implemented to enhance the consistency, fairness and equity across the province.
3. Increased provincial consistency on race conditions, qualifying times and allowances that will enhance fairness and equity in racing as well as simplify the system for participants and bettors.
4. Entry preference for Canadian-based horses. This first initiative in a system of incentives will increase racing opportunities for locally-based horses and enhance purse earning potential for Canadian-based horses.

Central East Region

Georgian Downs

Georgian Downs has been approved for 105 days of racing.

Georgian Downs remained closed for the months of January and February in 2009 and 2010. The Director determined that based on the framework, Georgian Downs would be assigned live race dates in the first two weeks of January while Kawartha is “dark”. However, due to existing non-racing commitments disclosed by racetrack

management, the race dates in the first two weeks of January 2011 will be moved to March 2011. Georgian Downs is advised that this exception will only apply to 2011. The Director will address winter (January and February) racing and track maintenance issues at Georgian Downs through conditions of licensing.

Kawartha

Kawartha Downs have been approved for 96 days of racing. Kawartha's live racing schedule positions this track as a "bridge product" on Thursdays and avoids competition with Fort Erie and Ajax in the summer. The racetrack is keeping a consistent, traditional schedule where they race the same two days of the week for the entire year, with a dark period from mid-December to mid- January.

Kawartha Downs will remain open for training purposes throughout its dark period as a condition of its licence.

Central West Region

Clinton Raceway

Clinton is approved for 20 days of racing.

A baseline of race dates was assigned to Clinton based on a consistent racing schedule similar to other community based tracks that begins around the first week of May and concludes on Labour Day. This track has a traditional racing schedule and facilities that cater to the local horsepeople and the local community of fans.

As a result of construction at Hanover Raceway, the Hanover live race schedule has varied from their traditional race calendar and will not include live racing in September 2011. This change creates a vacancy for the 2011 Clinton racing season to include two live race dates (September 11 and 18) occurring after Labour Day.

Flamboro Downs

Flamboro is approved for 199 days of live racing in 2011.

Flamboro will not offer live racing in the month of October when there is sufficient racing opportunities in the Central West Region.

The racetrack operator, Great Canadian Gaming (GCG), has presented a vision of a single GCG racing product for their two tracks that would move to a six month and six month coordinated schedule over time. GCG's race date application reflected a phased implementation where in 2011 Flamboro would be closed for the months of October and November. While a two-month shut down was considered excessive, horse supply issues at Flamboro Downs were recognized and the 2011 schedule reflects a reduction in dates for that track including the month of October where the track will be closed. This is a period when horse supply can be limited with the Stakes season ending.

The Director will also order the distribution of monies from the Georgian Downs purse account to the Flamboro Downs purse account to partially address the issue of

purse levels. Purse levels will be further enhanced by the reduction of live race dates allocated to Flamboro Downs.

The Director acknowledges racetrack management's concern regarding their financial ability to deliver on this quantity of live race dates and as a result, the Director will order a financial review of the racetrack operator and its related companies.

The Director further acknowledges racetrack management's observation of the disparity between the measure of total revenue per live race date across the Province and will consider this issue as the framework continues to be implemented.

Grand River

Grand River is approved for 69 days of live racing in 2011.

These approved dates recognize the efforts that Grand River and Western Fair have made to synchronize their live racing schedules.

Hanover

Hanover is approved for 32 days of live racing in 2011.

The Hanover 2011 race date calendar is varied from the traditional calendar due to construction at the facility. This has created an opportunity for Clinton to race into September for 2011. Racetrack management has indicated an intention to return to the September racing in future years when construction is completed.

Western Fair

Western Fair is approved for 121 days of live racing in 2011.

As noted under the heading "Grand River", Western Fair and Grand River raced numerous times on the same days in previous years. This schedule conflict had a negative effect on the demand for the product at each of their tracks on those dates. With more synchronized calendars, the Grand River and Western Fair have significantly reduced the number of overlapping race dates.

Woodstock

Woodstock is approved for 23 days of live racing in 2011.

A request was made by the racetrack operator to conclude the racing season before the local Woodstock fair begins at the fairgrounds. This request is accommodated in the approved calendar.

This 2011 calendar also sees Woodstock move from Saturdays (which coincided with three other racetracks) to Fridays (which only has one other track racing). Post time has also been set at 4 p.m. on Friday to avoid a conflict with the other Friday racing (Grand River) and provide additional racing opportunity for the horsepeople.

Through application of the purse management system, an opportunity to redirect purse funds to Windsor's purse account was created. Redirected purse funds from Dresden and Woodstock address purse parity and permit the continuance of approximately 20 Signature days where there is a greater horseplayer/wagering demand for the product. These dates and the corresponding purse money remain part of the Western region and will be supported by the Canadian-based entry preference.

Eastern Region

Rideau-Carleton Raceway

Rideau is approved for 158 days of live racing in 2011.

The Director will address the racetrack's plans to vary from framework principles relating to purse levels and number of races per card through conditions of licensing.

Northern Region

Sudbury Downs

Sudbury Downs is approved for 65 days of live racing in 2011.

The racetrack operator applied for a reduction in live race dates as well as a compression of the racing season. Feedback from the local horse people indicated that while they can sustain the current dark period of over 3 months, an extension to this dark period would result in changes to their operations – from “heading south” to race to perhaps getting out of the business altogether.

The submissions from the racetrack operator and others have raised further questions and concerns about the local horse population, the extent of the “uniqueness” created by the racetrack's geographical location and the ability to develop a customer demand for horse racing in that region. To address these issues and concerns, further economic analysis is required regarding this horse racing market and its contribution to Ontario as a whole.

Based on wagering levels at Sudbury Downs, it clearly appears to be a community track focused on the local economy under the approved framework. Logic would also dictate that the shorter dark period, the more likely it is that local horses will remain local during the period for which there is no racing – which is clearly of more benefit to the local economy than having those horses and participants leave for other parts of Ontario.

Also, with the healthy purse levels at Sudbury Downs, the benefit to the Ontario and local economies of the current racing schedule is that it can provide racing opportunities to a larger number of horses, owners and participants – regardless of their local or non-local status. This contribution, and its impact on the regions in the province, has not been determined.

Western Region

Dresden Raceway

Dresden is approved for 23 days of live racing in 2011.

The Racetrack Operator requested for the schedule at Dresden to begin the middle of May and run later into the month of September.

Through application of the purse management system, an opportunity to redirect purse funds to Windsor's purse account was created. Redirected purse funds from Dresden and Woodstock address purse parity and permit the continuance of approximately 20 Signature days where there is a greater horseplayer/wagering demand for the product. These dates and the corresponding purse money remain part of the Western region and will be supported by the Canadian-based entry preference.

Hiawatha Horse Park

Hiawatha is approved for 47 days of live racing in 2011.

These dates coincide with the openings of both Windsor and Western Fair, thereby eliminating an "overlap" of these Western tracks. When Windsor and Western Fair race in the Fall, Hiawatha has historically experienced competition for horse supply with those tracks.

The Director acknowledges racetrack management's concern regarding their financial ability to deliver on this quantity of live race dates and as a result, the Director will order a financial review of the racetrack operator and its related companies.

Windsor Raceway

Windsor is approved for 92 live race dates in 2011.

Racetrack management has declared their intention to card Signature programs to support their strong simulcast product, but noted the constraint of not having the purse account to do so. Under the framework, the demonstrated demand for Windsor simulcast product indicates Windsor should be offering Signature level racing.

The Director will also order the redirection of purse monies from the Woodstock and Dresden purse accounts to the Windsor Raceway purse account to partially address the issue of purse levels. Purse levels will be further enhanced by the reduction of live race dates allocated to Windsor Raceway.

As part of the continuous planning process, the Director will monitor the key constraints on Windsor racing to ensure the approved levels of racing are being supported with adequate purse funds and horse supply.

Woodbine

Woodbine

Woodbine is approved to race 129 live race dates in 2011.

Due to the limited horse supply of Premier-type horses during the winter period, Woodbine winter racing will operate four days a week. In the early part of the year, race cards were historically comprised of young horses, trotters and lower level claimers. These classifications are less attractive to horseplayers, as was proven when each of the ten cards in 2010 failed to reach a handle of \$1 million, with three of the cards failing to reach \$800,000. Based on the framework, it was determined that these horses would have opportunities to race elsewhere (such as Flamboro or Western Fair) during this period.

Mohawk

Mohawk is approved for 98 days of live racing in 2011.

Thoroughbred

Fort Erie

Fort Erie is approved to race 78 live race dates in 2011.

Woodbine

Woodbine is approved to race 167 live race dates in 2011.

Quarter Horse

Ajax Downs

Ajax Downs is approved to race 40 live race dates in 2011.