

December 18, 2012

To: Key Horse Racing Industry Organization Principals

I write on behalf of the BC Horse Racing Industry Management Committee regarding aspects of the industry's situation for 2012 and 2013.

### 2013 Income Forecast and Financial Allocations

The Management Committee has accepted a recommended budget from the Financial Working Group that anticipates slightly reduced overall industry income for 2013 compared to 2012.

Revenue from all industry sources in 2013 is budgeted to amount to \$41.73 million. After deducting \$11.23 million for the expenses of Teletheatre BC (TBC) and \$800,000 for the industry marketing and advertising fund administered by BC Lottery Corporation, a total of \$29.7 million remains to be distributed among the two breed organizations and the track operator, Great Canadian Gaming Corporation, for racing operations in 2013. This compares to \$30.67 million allocated to these parties in 2012, a decline of 3.1%.

The amounts allocated to the three parties in 2013 will follow the same percentage allocations distributed in 2012:

- To Great Canadian Gaming Corp. as track operator: \$12.83 million or 43.20%
- To the Thoroughbred organizations: \$9.99 million or 33.63%
- To the Standardbred organization: \$6.88 million or 23.17%

### Method of Allocation Distribution

A change will be made in 2013 in the mechanics of how funds are distributed to the industry parties. The proceeds from net slot machine revenues at the Hastings Racecourse and Fraser Downs racinos will be distributed directly to the breed organizations on a monthly basis. The remainder of the breed organizations' allocation amounts and the track operator's allocation amount will be distributed by BC Horse Racing Administration Ltd. from the other sources of income realized by the industry, including net wagering revenues from TBC and the two racetracks (live and simulcast wagering), plus returned levies etc.

### Finalized Racing Schedules for 2013

The Gaming Policy and Enforcement Branch (GPEB) has approved 2013 race schedules for each of the Thoroughbred and Standardbred breeds. A combined schedule for both breeds is attached.

Consultations on these schedules have been conducted with representatives of the track operator and the respective horsemen's associations.

Key elements of the 2013 schedules:

- The Standardbred season will comprise 82 race days over 10 different months.
- The Thoroughbred season will comprise 69 race days over seven different months.
- There are 12 overlap days, all Saturdays, on which both breeds will conduct racing.

The elements of horse populations, weather patterns, wagering potential and employment opportunities have been taken into consideration in setting the schedules.

On behalf of the Management Committee, I appreciate the efforts all parties have put into developing these racing schedules for the 2013 calendar year.

Additional costs related to extended Standardbred racing season

The Management Committee has determined that the additional costs incurred by the track operator to have Standardbred racing at Fraser Downs take place over parts of 10 months in 2013 are to be borne by the Standardbred sector. Once these itemized costs have been scrutinized to the Committee's satisfaction, they will be deducted from the Standardbred sector's 2013 funding allocation.

Sincerely,



Douglas S. Scott

Chairman, BC Horse Racing Industry Management Committee