

# Horse Racing Industry Financial Model: Allocations - Requested Funding

2019/20

Operators

GOC Forecast HIT	GOC Forecast Fraser Downs	TBC/VR	Shared Industry Costs	Total
Jan. Dec. 20	Jan. Dec. 20	Jan. Dec. 20	Jan. Dec. 20	

## Money In

CONFIDENTIAL

s.21

s.21

Slot Grants (15.5% of Prov. net)	1,500,000	4,500,000	6,000,000
----------------------------------	-----------	-----------	-----------

s.21

## Money Out

Slot Grants (15.5% of Prov. net)	(1,500,000)	(4,500,000)	(6,000,000)
----------------------------------	-------------	-------------	-------------

see "Association Funding" for  
breakdown.

s.21

s.21

CONFIDENTIAL

# Horse Racing Industry Financial Model: Allocations - Working Draft

2010/11

Operators

GCGC Forecast HEI	GCGC Forecast Prize Downs	TBC AVR	Shared Industry Costs	Total
Jan 10 - Dec 10	Jan 10 - Dec 10	Jan 10 - Dec 10	Jan 10 - Dec 10	Jan 10 - Dec 10

## Money In

s.21

s.21

Slot Grants (15.5% of Prov. net)	2,000,000	5,000,000	7,000,000
		s.21	

## Money Out

Slot Grants (15.5% of Prov. net)	17,000,000	15,000,000	17,000,000

see "Association Funding" for breakdown.

s.21

s.21

Industry Surplus / (Shortage)  
s.21

CONFIDENTIAL

Page 3 redacted for the following reason:  
-----  
s.17, s.21

**Sturko, Derek HSD:EX**

---

**From:** Sturko, Derek HSD:EX  
**Sent:** Monday, April 12, 2010 3:36 PM  
**To:** 'Bill Boden'; 'Glen Todd'  
**Cc:** Curtis, Chris HSD:EX; 'mwensdregl@gcgaming.com'; 'glen@pcb.ca'; 'George Morfit'; 'XT.Graydon, Micheal CASE:IN: McKinnon, Adam D HSD:EX; Fair, Susan P HSD:EX  
**Subject:** RE: Next Committee meeting and promised meeting with the principals of the key industry organizations

Having thought about this (e.g.: Glen's suggestions and people's responses) and each member's various availability, I'd like to stick with the current dates (April 21 video-conference meeting of the Committee, April 22 meeting with the industry).

However, I do understand the importance of being transparent and being seen to be connected to racing. Perhaps we could discuss ways to build on that in the future.

On April 21 (9:00 am video-conference of the Committee)

Bill, Glen, Milt & I are available.

We need to discuss:

- Industry fiscal challenges ( s.17, s.21 ) – how will this be managed
- Committee management of purse pools – how will this work
- s.13, s.21 model under GCCG – status and implementation
- Dual Breed Track at Hastings – business case/the plan
- Materials for April 22 meeting
- Ways to connect routinely with the industry

On April 22 (morning meeting with industry at SFU Harbour Centre OR PERHAPS WE COULD GO TO HASTINGS?)

Bill, Glen, Milt, Mike & I are available.

We need to discuss:

- Industry fiscal challenges ( s.17, s.21 ) – how will this be managed
- Committee management of purse pools – how will this work
- s.13, s.21 model under GCCG – status and implementation
- Dual Breed Track at Hastings – business case/the plan

Chris is preparing brief presentations regarding each of these items, for use in the meeting with the industry, that we will try to circulate in advance.

Thanks,

Derek Sturko  
ADM, Gaming Policy & Enforcement  
*Know your limit, play within it.*



**Sturko, Derek HSD:EX**

---

**From:** Curtis, Chris HSD:EX  
**Sent:** Monday, January 18, 2010 4:36 PM  
**To:** Sturko, Derek HSD:EX; 'mwensdregit@gcgaming.com'; 'jlen@pcb.ca'; 'Bill Boden'; 'George Morfitt'; 'XT.Graydon, Micheal CAsE:IN  
**Cc:** McKinnon, Adam D HSD:EX; Fair, Susan P HSD:EX  
**Subject:** Horse racing industry financial breakdown and allocations spreadsheet for reference at our meeting this Wednesday (January 20,2010)

Dear Management Committee Members:

Please find attached the revised horse racing industry funding allocations spreadsheet for reference at our meeting on Wednesday. Within this spreadsheet are four tabs as follows:

- 1) "GCGC/TBC Financial Breakdown" i.e. Money In and Money Out for 2009, specific to GCGC and TBC's horse racing operations. In sum, there was an approximate s.21 operating deficit last year.
- 2) "Horsemen's Financial Breakdown" i.e. Money In and Money Out for 2009, specific to Horsemen's Associations, which includes a distribution of funding to purses and breeder programs.
- 3) "Allocations – Requested Funding" i.e. Projected industry revenues for 2010 and funding allocations as per submissions received from all industry organizations last year. With all submissions considered against projected revenue, the industry would be facing a s.21 funding shortage. The main areas of concern are highlighted in yellow, s.21
- 4) "Allocations – Working draft" i.e. A working draft to initiate conversation only to consider allocations, where the only changes made relative to 1) and 2) are: s.13, s.21  
provided for the Contingency Fund and s.21 allocated for marketing. While reductions have been made to the areas identified in yellow, there remains a s.21 funding shortage to figure out.



BC Horse Racing  
New Financial ...

In the interests of confidentiality the spreadsheet is password protected with s.15 all capitalized.

Thank you

Chris

Horse Racing Industry Financial Model: GCGC/TBC Financial Breakdown

2009/2009

Operations

GCGC Breakdown  
GCGC Breakdown  
TBC/TBC

Money In

s.21

s.21

1 Slot Grants (15.5% of Prev. net)

1,662,320

4,584,435

6,246,755

Money Out (committee to allocate for 2010/11)

Slot Grants (15.5% of Prev. net)

(1,662,320)

(4,584,435)

(6,246,755)

see "Purse Pool and Breeder Program Funding" in TAB 2.

s.21

s.21

CONFIDENTIAL

Page 7 redacted for the following reason:  
-----  
s.17, s.21

# Horse Racing Industry Financial Model: Allocations - Working Draft

2010/11

Operators

GCGC Forecast HEI	GCGC Forecast Praser Downs	TBC/IVN	Shared Industry Costs	Total
Jan - Dec '10	Jan - Dec '10	Apr - Mar '11	Jan - Dec '10	

## Money In

Wagering				
----------	--	--	--	--

s.21

s.21

Slot Grants (15.5% of Prov. net)	1,500,000	4,500,000	6,000,000
----------------------------------	-----------	-----------	-----------

s.21

## Money Out

Slot Grants (15.5% of Prov. net)	(1,500,000)	(4,500,000)	(6,000,000)
----------------------------------	-------------	-------------	-------------

see "Association Funding" for breakdown.

s.21

s.21

CONFIDENTIAL

# Horse Racing Industry Financial Model: Industry Allocations

2008/2009

Operators

QCQC Forecast	QCQC Forecast	TBC/VR	Total
NEI	Fraser Downs		
Jan - Dec '09	Jan - Dec '09	Apr - Mar '09	

Money In

s.21

s.21

Slot Grants (15.5% of Prov. net)	1,662,320	4,504,435	6,166,755
----------------------------------	-----------	-----------	-----------

s.21

Money Out (committee to allocate for 2010/11)

Slot Grants (15.5% of Prov. net)	(1,662,320)	(4,504,435)	(6,166,755)
----------------------------------	-------------	-------------	-------------

see "Horse Pool and Breeder Program Funding" in TAB 2.

s.21

CONFIDENTIAL



Page 10 redacted for the following reason:  
-----  
s.17, s.21

# Horse Racing Industry Financial Model: Industry Allocations

2010/11

Operators

GCGC Forecast HEI Jan - Dec '10	GCGC Forecast Fraser Downs Jan - Dec '10	TBC/IVR Apr - Mar '11	Total
---------------------------------------	------------------------------------------------	--------------------------	-------

## Money In

Slot Grants (15.5% of Prov. net)	1,500,000	4,500,000	6,000,000
----------------------------------	-----------	-----------	-----------

## Money Out

Slot Grants (15.5% of Prov. net)	(1,500,000)	(4,500,000)	(6,000,000)
----------------------------------	-------------	-------------	-------------

see "Association Funding" for  
breakdown.

CTHS Jan - Dec '10	HBPA Apr - Mar '11	IHRA Jan - Dec '10	HRBC Apr - Mar '11	Media	Rtrmnt	Total
-----------------------	-----------------------	-----------------------	-----------------------	-------	--------	-------

*Re Ask  
for D13*

*see  
Purs  
D13  
Call*

s.17, s.21

CONFIDENTIAL

Horse Racing Industry Financial Model: Industry Allocations

2008/2009

	GICG Forecast HEI	GICG Forecast Fraser Downs	TBC/IVR	Total
Jan - Dec '08	Jan - Dec '08	Jan - Dec '08	Apr - Mar '08	

Money In

Slot Grants (15.5% of Prov. net)	1,662,320	4,584,435	6,246,755
----------------------------------	-----------	-----------	-----------

Money Out (committee to allocate for 2010/11)

Slot Grants (15.5% of Prov. net)	(1,662,320)	(4,584,435)	(6,246,755)
----------------------------------	-------------	-------------	-------------

s. 17, s. 21

MORE INFORMATION NEEDED

CONFIDENTIAL



Horse Racing Industry Financial Model: GCGC/TBC Financial Breakdown

2008/2009

Operators

GCGC Forecast		GCGC Forecast	TBC/VR	Total
HE	Freeze Downs			
Jan - Dec '08	Jan - Dec '08	Jan - Dec '08		

Money In

s.21

s.21

600 Grants (1% 50% of Prov. net)

1,662,336

4,584,435

6,246,776

s.21

Money Out (committee to allocate for 2010/11)

500 Grants (1% 50% of Prov. net)

(1,662,336)

(4,584,435)

(6,246,776)

see "Purse Pool and Breeder Program Fund mg" in TAB 2.

s.21

s.21

CONFIDENTIAL

Province of British Columbia Confidential

010411  
2010-01-26

Page 1



Page 15 redacted for the following reason:  
-----  
s.17, s.21

# Horse Racing Industry Financial Model: Allocations - Requested Funding

2010/11

Operators

GCCG Forecast HEI	GCCG Forecast Fraser Downs	TBC/IVR	Shared Industry Costs	Total
Jan - Dec '10	Jan - Dec '10	Apr - May '11	Jan - Dec '10	

## Money In

10/1/2010 10/1/2010 10/1/2010 10/1/2010 10/1/2010

s.21

s.21

Slot Grants (15.5% of Prov. net)	1,500,000	4,500,000	6,000,000

## Money Out

Slot Grants (15.5% of Prov. net)	(1,500,000)	(4,500,000)	(6,000,000)

see "Association Funding" for  
breakdown.

s.21

s.21

CONFIDENTIAL

Horse Racing Industry Financial Model: Allocations - Working Draft

2010/11

Operators

GCRC Forecast HEI Jan - Dec '10	GCRC Forecast Fraser Downs Jan - Dec '10	TBC/JVR Jan - Dec '11	Shared Industry Costs Jan - Dec '10	Total
---------------------------------------	------------------------------------------------	--------------------------	-------------------------------------------	-------

Money In

--	--	--	--	--

s.21

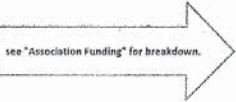
s.21

Slot Grants (15.5% of Prov. net)	1,500,000	4,500,000	6,000,000
----------------------------------	-----------	-----------	-----------

s.21

Money Out

Association			
Slot Grants (15.5% of Prov. net)	(1,500,000)	(4,500,000)	(6,000,000)



s.21

s.21

CONFIDENTIAL

BCLC is paying out  
15.5% of net  
government revenue  
from slots earned at  
HEI to the Horsemen.

Pages 19 through 21 redacted for the following reasons:

-----

s.15, s.21

s.17, s.21



Racing Committee Recommendations

For Discussion Purposes Only

January 12, 2010

These recommendations are based on numbers I have been able to compile since our last meeting for Hastings only. I have been not able as yet to do the same for Fraser Downs.

- 1: Hastings Purse Pool
  - 2: Hastings Stake Schedule
  - 3: CTHS                      Status quo at approx.
  - 4: BC Bred Bonus                      status quo at *part of*
  - 5: Special Programs, Interior Racing etc                      *part*
  - 6:
  - 7:
  - 8: Work with HEI and City
  - 9: Work with HEI and City
  - 10: Work with HEI and City
  - 11: Work with HEI and City
- Sam Purse*
- Respectfully Submitted
- Glen Todd

Pages 23 through 24 redacted for the following reasons:  
-----  
s.13, s.17, s.21

# Horse Racing Industry Financial Model: Industry Allocations

2008/2009

GC&C Forecast		GC&C Forecast		TBC/VR	Total
HEI		Fraser Downs			
Jan - Dec '09		Jan - Dec '09		Apr - Mar '09	

## Money In

Slot Grants (15.5% of Prov. net)	1,662,320	4,594,435	6,246,755
----------------------------------	-----------	-----------	-----------

## Money Out (committee to allocate for 2010/11)

Slot Grants (15.5% of Prov. net)	(1,662,320)	(4,594,435)	(6,246,755)
----------------------------------	-------------	-------------	-------------



s.21

MORE INFORMATION NEEDED

CONFIDENTIAL

Page 26 redacted for the following reason:  
-----  
s.17, s.21

# Horse Racing Industry Financial Model: Industry Allocations

2010

G/GC Forecast HEI 2010	G/GC Forecast Preset Downs 2010	TBC/NR 2010	Total
------------------------------	---------------------------------------	----------------	-------

Money In

Slot Grants (15.5% of Prov. net)

01

Money Out (committee to allocate for 2010/11)

Slot Grants (15.5% of Prov. net)

01



s.21

MORE INFORMATION NEEDED

CONFIDENTIAL



Page 28 redacted for the following reason:  
-----  
s.17, s.21

# Horse Racing Industry Financial Model: Industry Allocations

2008/2009

## Money In

GCRC Forecast HEI	GCRC Forecast Fraser Downs	TBC/IVR	Total
Jan. - Dec. '09	Jan. - Dec. '09	Apr. - Mar. '09	

Potential  
Available Allocation

Slot Grants (15.5% of Prov. net) 1,662,320 4,584,435 6,246,755

## Money Out (committee to allocate for 2010/11)

Slot Grants (15.5% of Prov. net) (1,662,320) (4,584,435) (6,246,755)

s.21

Potentially Available for Distribution by Committee

MORE INFORMATION NEEDED

CONFIDENTIAL

Page 30 redacted for the following reason:  
-----  
s.17, s.21

Fair, Susan P SG:EX

---

200/20  
H. Rec.

**From:** Sturko, Derek MCF:EX  
**Sent:** Tuesday, May 17, 2011 3:15 PM  
**To:** 'Glen Todd'; 'thoroughbredir@uniserve.com'  
**Cc:** Johnson, Eugene SG:EX; Fair, Susan P SG:EX  
**Subject:** FW: Interior racing  
**Attachments:** Interior racing 2011.doc

Bryan:

Thanks for the opportunity to review the attached letter.

The reference to me on page 1 should be as the Chair of the BC Horse Racing Industry Management Committee (I am no longer with GPEB).

While I supported your association's efforts to work with the thoroughbred organizations in the Lower Mainland, I was not involved in the discussions or any decisions by those associations to allocate funding to interior races. The letter implies otherwise and should be reworded to ensure its accuracy.

In the second last paragraph, your references should be to "the Management Committee". The Ganning Policy and Enforcement Branch has no role to play in the determination of the overall financial allocations and should not be referenced.

Derek Sturko  
Chair, BC Horse Racing Industry Management Committee

---

**From:** Glen Todd [mailto:glen@nathc.ca]  
**Sent:** Tuesday, May 17, 2011 11:47 AM  
**To:** Sturko, Derek MCF:EX  
**Subject:** Fw: Interior racing

Forwarded to you as requested by Bryan Anderson for your OK to send out ??

**From:** Anderson  
**Sent:** Tuesday, May 17, 2011 11:39 AM  
**To:** glen@nathc.ca  
**Subject:** Interior racing

Hi Glen,  
Derek Sturko would like to read this letter before it goes out, but I don't have his email address. If you have it, do you mind sending it on.  
Please check the spelling of his name, Paul Reneveld's and anything else you see.  
Thanks,  
Bryan

May 16, 2011

Bryan Anderson

s.22

Dear Glen,

It was with great interest I read the letter from The Meadowlands on your website. After months of effort by management and political allies to keep this, the major Standardbred track in North America open, the horsemen have failed to enter enough horses to make the races go. Now The Meadowlands faces imminent and probably permanent closure. This situation further confirms, in my mind, the realization that all too often, that as horsemen, we are our own worst enemy.

A similar situation occurred this spring in British Columbia. As you know, I took it upon myself to try to find a way to increase funding to Interior racetracks.

Dave Gould, the President of the Interior Racing Association, and I had discussions with:

- representatives of Princeton racetrack
- representatives of Kamloops racetrack
- representatives of Vernon racetrack
- Derek Sturko, Chairman of Gaming Policy Enforcement Branch of the B.C. Government
- representatives of the C.T.H.S.
- representatives of the H.B.P.A
- representatives of T.O.B.A.
- Raj Muti and Paul Reneveld from Hastings Racecourse
- representatives of the B.C. Allocation Committee

These meetings went extremely well. Through our efforts we were able to increase the money that Interior horses could race for in 2011, by almost 300%. Of course, in these tough times, whenever you get something, you have to give something up. The concessions we had to make, however, were beneficial to the British Columbia horseracing industry as a whole and were, in my opinion, crucial to the survival of British Columbia Interior racing- the most significant being Interior racing dates not conflicting with Hastings Racecourse dates.

This was the major point that any increased funding to the Interior hinged upon. The representatives of the Interior tracks and the elected officials of the B.C.I.R.A. all consented to and supported the concept.

TOBA agreed to have Make Heads tour the Interior racetracks and gather information on community impact, employment produced, economic impact, possible improvements etc., etc., that could be used to form a business plan to be submitted to GBEB to help increase Interior funding in 2012. Leif Nordahl, an accountant, and the C.T.H.S. President, agreed to help draw up the business plan. As you know, the "Bean Counters" in Victoria require this type of thing when they allocate funds.

Hastings Racecourse agreed to write a race a week for Interior horses as well as provide numerous adjuncts such as gate crew, paddock judge, possible simulcasting of summer dates during PNE weekends etc., etc., if we would try to run on a weekend prior to Hastings opening. Hopefully that would aid in having horses fit when Hastings opened. Due to adverse weather/training conditions, we were unable to make that date go. Hastings Racecourse has agreed to stand by their commitments regardless, and has continued to write a race per week for Interior starters preferred. Only seven Interior horses are needed to make the race go.

We are now into our fourth week of racing and not one of these races has filled. Rod Cone spring trained in the Interior and had eight horses ready to run in Kamloops on April 9, if the races had filled. It is now five weeks later and we are unable to put together a field of seven horses from the Interior???

How can we convince the Allocation Committee and Gaming Policy Enforcement Branch that the Interior deserves a larger allocation if Interior horsemen choose not to participate? Has the wave of cynicism, negativity, and misinformation that swept through the Interior this spring caused Interior horsemen to give up? Does anybody from the Interior have a better plan? Is it possible for Interior horsemen and Coast horsemen to work together? Is the glass half full or is it half empty?

I don't know what more we can do to satisfy the Interior horsemen and organize Interior racing in a way that will be sustainable in the future. I am certainly open to suggestions and constructive criticism. I do believe however, that if this industry we have chosen to participate in is to survive, as horsemen, we have to lay aside petty differences and work together. As R.J. Bennett once said, "We can either hang together, or get hung individually."

Bryan

**Fair, Susan P SG:EX**

---

**From:** Johnson, Eugene SG:EX  
**Sent:** Friday, April 15, 2011 12:08 PM  
**To:** Sturko, Derek MCF:EX; XT:Graydon, Micheal C\Se:IN; 'Marsha Walder'; 'Morfitt Desk'; Jim McGrogan'; 'Glen Todd'; s.22 McKinnon, Adam D SG:EX  
**Cc:** Fair, Susan P SG:EX  
**Subject:** Committee action items and upcoming agenda  
**Attachments:** Action Decision Log\_2011\_04\_05.xlsx; 2011\_04\_20\_HRIMC\_Agenda.docx; Role Profile - Director Racing Sustainability - Draft - 14March2011 v2.docx

Hi everyone,

Attached is the updated tracking log for action items and decisions by the committee. Also attached is the agenda for next week's meeting and the draft job description that needs to be reviewed for agenda item #4.

George, the number for the Victoria boardroom is s.15, s.17

Please note that I am away all next week. Adam McKinnon will be performing secretariat functions for the meeting.

Cheers

Eugene Johnson  
Manager, Strategic Initiatives  
Gaming Policy and Enforcement  
Ministry of Public Safety and Solicitor General

(t) 250-952-6651  
(f) 250-387-1818  
[Eugene.Johnson@gov.bc.ca](mailto:Eugene.Johnson@gov.bc.ca)



Meeting Date	Tracking Number	Agenda Item	Action	Assigned To	Due Date	Status	Comment	
16-Feb-11	1	1	Update the committee on outstanding float issues after conversation with the Thoroughbred industry and meeting of the financial working group.	Adam McKinnon	16-Mar-11	Complete	None	
16-Feb-11	2	1	Reschedule Financial working group meeting to March 10	Adam McKinnon	1-Mar-11	Complete	None	
16-Feb-11	3	2	Request a modest contribution from the allocation of standardbred and thoroughbred to marketing.	Gar Campbell and Glen Todd	18-May-11	Outstanding	Talks ongoing - no commitment to date	
16-Feb-11	4	2		Glen Todd	18-May-11	Outstanding	None	
16-Feb-11	5	2	Create a brief high level summary of the marketing plan for public communication	Marsha Walden	16-Mar-11	Complete	None	
16-Feb-11	6	3		Jim McGrogan	16-Mar-11	Complete	New takeout rate has been implemented	
16-Feb-11	7	4		Eugene Johnson	16-Mar-11	Complete	None	
16-Feb-11	8	5	Add disclaimer that plan is subject to change as the industry evolves	Eugene Johnson	16-Mar-11	Complete	None	
17-Feb-11	9	5	BCLC will create job description, including roles and responsibilities, for Director of Racing Sustainability	Marsha Walden	20-Apr-11	In progress	Draft is complete - to be review by the committee	
5-Apr-11	10	1	Draft response to Doug McCallum and Jim Vinnell indicating no role for committee regarding lease at this date and support of existing race season format	Eugene Johnson	20-Apr-11	Complete	Derek to send off	
5-Apr-11	11	2	Financial working group to review forecast for 2011 season and bring back assessment if adjusts to the allocation are warranted	Adam McKinnon	20-Apr-11	Outstanding		
5-Apr-11	12	3	Financial working group to analyze proposa	Adam McKinnon	20-Apr-11	Outstanding		
5-Apr-11	13	6	Revision to marketing plan to be made and then plan will be distributed to industry via presentation by Mary-Margaret Bentley at Hastings, committee member emails to respective membership lists, and posting on GPEB website	Marsha Walden	9-Apr-11	Complete		
5-Apr-11	14	7	Glen Todd and Jim McGrogan will meet to determine a resolution and action plan for repayment	Glen Todd and Jim McGrogan	15-Jun-11	Outstanding	Deferred until allocation for 2012 has been resolved	
5-Apr-11	15	7		Glen Todd, Gar Campbell, and Jim McGrogan	15-Jun-11	In progress	BCTOBA will take over bookkeeping for T-Bred as of April 16 ...	
5-Apr-11	16	7	Review new industry financial process and first year-end for new process.	Adam McKinnon and Kiran Rao	15-Jun-11	In progress	None	
5-Apr-11	17	7		TBD	September (?)	On hold	To be revised at a later date - not a current priority	
5-Apr-11	18	7	GCGC (Raj Mutti, Chuck Keeling) will review current contract	Raj Mutti	N/A	Complete		

## Horse Racing Industry Management Committee

Meeting – April 20, 2011, 1PM – 4PM, Video conference in Victoria and Burnaby

### Attending

Derek Sturko (chair)  
Marsha Walden  
Jim McGrogan  
Glen Todd  
Gar Campbell  
Adam McKinnon

### Regrets

Michael Graydon  
Eugene Johnson

### Agenda

Time	Agenda Number	Topic	Lead	Decision Required
1:00 – 1:40	1	Financial analysis of existing 2011 forecast <ul style="list-style-type: none"><li>Do we anticipate a shortfall</li><li>Do the monthly allocations need to be adjusted</li></ul>	Adam McKinnon	Next steps s.13
1:40 – 2:20	2	Industry Float  s.13, s.17	Adam McKinnon/ Derek Sturko	What is the arrangement for the industry float for the 2011 race season?
2:20 – 2:25	3	Break	N/A	N/A
2:25 – 2:50	4	Director of Racing Sustainability <ul style="list-style-type: none"><li>Review of job description</li><li>What will the Committee's role be in the hiring process</li></ul>	Marsha Walden	Approval/ Revisions required for job description, and

				determination of role in hiring
2:50 – 3:50	5	Guidelines for future race season allocations <ul style="list-style-type: none"> <li>• Review of initial proposals for discussion purposes</li> <li>• Aim is to develop formula that will make future allocations a routine part of committee business</li> </ul>	Derek Sturko	
3:50 – 4:00	8	Agenda items for next meeting	Adam McKinnon	

Fair, Susan P SG:EX

200/20  
HRC

Subject:

FW: 2012 Racing Schedule (Log #458799)

**From:** Sturko, Derek MCF:EX

**Sent:** Friday, April 1, 2011 11:03 AM

**To:** Doug McCallum; 'Nav Sadurah'; McKinnon, Adam D SG:EX; Curtis, Chris MSD:EX; 'Gar Campbell'; 'George Morfitts'; 'Glen Todd'; 'Jim McGrogan'; XT:Graydon, Michael CASE:IN; Johnson, Eugene SG:EX

**Cc:** Minister, SG SG:EX; Minister, FIN FIN:EX; Fair, Susan P SG:EX

**Subject:** RE: 2012 Racing Schedule (Log #458799)

Doug McCallum

The last sentence in my March 31, 2011 e-mail indicated the Committee will consider the request.

The rest of the information I provided was important context for all decisions the Committee makes. All of those comments have been unanimously supported by all Committee members on many occasions. They do not simply represent my views.

Sincerely,

Derek Sturko  
Chair, BC Horse Racing Industry Management Committee

**From:** Doug McCallum [mailto:doug.mccallum@harnessracingbc.com]

**Sent:** Thursday, March 31, 2011 4:19 PM

**To:** Sturko, Derek MCF:EX; 'Nav Sadurah'; McKinnon, Adam D SG:EX; Curtis, Chris MSD:EX; 'Gar Campbell'; 'George Morfitts'; 'Glen Todd'; 'Jim McGrogan'; XT:Graydon, Michael CASE:IN; Johnson, Eugene SG:EX

**Cc:** Minister, SG SG:EX; Minister, FIN FIN:EX; Fair, Susan P SG:EX

**Subject:** RE: 2012 Racing Schedule (Log #458799)

Derek Sturko

Just a short note that I am ASTONISHED that a chair of a government Industry committee is making a decision for the committee  
Before the committee even discusses the issue. Many of your comments are wrong. What happen to industry agreement that states

It would use a "consensus decision model " and "will strive for unanimous consent for decisions" ???

Doug McCallum

**From:** Sturko, Derek MCF:EX [mailto:Derek.Sturko@gov.bc.ca]

**Sent:** Thursday, March 31, 2011 2:19 PM

**To:** Nav Sadurah; McKinnon, Adam D SG:EX; Curtis, Chris MSD:EX; 'Gar Campbell'; 'George Morfitts'; 'Glen Todd'; 'Jim McGrogan'; XT:Graydon, Michael CASE:IN; Johnson, Eugene SG:EX

**Cc:** Minister, SG SG:EX; Minister, FIN FIN:EX; doug.mccallum@harnessracingbc.com; Fair, Susan P SG:EX

**Subject:** RE: 2012 Racing Schedule (Log #458799)

Log #458799

March 31, 2011

Doug McCallum/Jim Vinnell:

On behalf of by the BC Horse Racing Industry Management Committee, thank you for your March 30, 2011 e-mail and the proposal s.13

It is clear from the testimonials you attached that there is a passion within the standardbred community for standardbred racing.

However, as you know, the industry generally (and the standardbred breed in particular) has been in a state of decline for a significant number of years. The circumstances in which the industry finds itself are not a result of the length of the 2011 race season. Rather, they reflect the changing interests of citizens regarding entertainment and gaming activity and the industry's inability to date to attract or retain sufficient new customers.

Recent efforts by the Committee have: brought a more business-like approach to decision-making in the industry; introduced processes for a coordinated, inter-breed approach to race seasons; initiated efforts to attract new betting customers to horse racing; and established discipline to ensure the industry did not continue to operate in a deficit position. As a result, and for the first time in years, the industry ended the 2010 season with a modest surplus.

As you know, the standardbred sector entered the 2011 season with a shorted season but a larger financial allocation with which to operate. The combination provided a huge opportunity to enhance the size and value of race purses and prize amounts for betting customers. As you also know, the breed agreed to an extremely modest performance target to demonstrate how those opportunities, and an additional race day per week, would improve the business circumstances of the industry in 2011. That modest performance target was also established relative to 2010 (the worst season in the industry's recent history).

Despite all of those opportunities, I understand those modest performance targets are not being achieved.

While the Committee understands the passion and interests of those involved in the standardbred sector, you have presented no business rationale for such a lengthy season. You have not identified how such a season would not simply "water down" the quality of individual races for participants or those that attend live racing. And you have provided no information to demonstrate what positive business outcomes such a season would create or how it could move the industry to become increasingly self sustaining.

The Government of British Columbia recently increased its annual grant contribution to the horse racing industry. This was intended to create the opportunity for the industry to revitalize itself. This will take an incremental and coordinated approach that is being lead by the Committee. The Government expects the Committee to be able to demonstrate positive impacts on the industry as a result of the increase in the size of the grant.

While the Committee will consider the request, I remind you that the Committee's actions must be based on sound business principles, in the best interest of both breeds, and intended to create the opportunity for the revitalization of an industry in extremely difficult financial circumstances.

Sincerely,

Derek Sturko





Text Attachment: Log ID 458799

incoming

From: Nav Sadurah [mailto:nav.sadurah@harnessracingbc.com]  
Sent: Wednesday, March 30, 2011 3:36 PM  
To: McKinnon, Adam D SG:EX; Curtis, Chris MSD:EX; 'Gar Campbell'; 'George Morfitts'; 'Glen Todd'; 'Jim Mcgrogan';  
XT:Graydon, Micheal CASE:IN; Sturko, Derek MCF:EX; Johnson, Eugene SG:EX  
Cc: Minister, SG SG:EX; Minister, FIN FIN:EX; doug.mccallum@harnessracingbc.com  
Subject: 2012 Racing Schedule

To Management Committee

For the 2012 Industry year, Harness Racing B.C. is requesting s.13 race schedule at Fraser Downs. We would operate within our current s.21 race day schedule and within our current budget allocation.

The six month racing season is having a devastating impact on our industry with the loss of many jobs and the closure of our Breeding operations.

Bill Boden who is a leader in the Standardbred Industry in Canada says it best,

"There are two major impacts affecting me with the six month season. One: there is almost no claiming, as owners do not want to pay upkeep for a horse over a 6 month dead period.  
This is very unhealthy for the sport and results in horses being jammed below their value, effectively eliminating the vast majority of horses from the opportunity to pay for their upkeep. It also results in a poor betting card. I have not been claiming like I used to and consequently am quickly losing interest in the business. Secondly, there is little incentive for me to breed my mares when the racing opportunities are so limited. Horses get sick and injured and do not have a chance to recover over a short racing season."

Attached are testimonials from over 25 industry members on the effect the 6 month racing schedule has had on their career and personal lives and if continued will only worsen if changes are not made.

We need your immediate approval of the s.13 2012 Racing Schedule to create the best opportunity for the industry to grow and remain financially viable.

Regards,

Doug McCallum Jim Vinnell  
CEO, Harness Racing BC President, Harness Racing BC  
Doug.McCallum@harnessracingbc.com vanpetro@vanpetro.com  
Phone: (604) 574-5558 Phone: (604) 888-1323

Letter to the Minister of Agriculture and Agri-Food Canada

2011-04-01



200/20  
HRC  
458228



**BC THOROUGHBRED OWNERS & BREEDERS ASSOCIATION**  
"One Voice for Thoroughbred owners & breeders in British Columbia"

March 21, 2011

*via: email*

**BC HORSE RACING INDUSTRY MANAGEMENT COMMITTEE**

Attention: Derek Sturko, Chairman

Dear Sirs:

We have been led to believe that on your next agenda for April 4, 2011, the BC Horse Racing Industry Management Committee will deal with a proposal of fixing the annual allocation as follows:

1. Great Canadian Gaming Corporation
2. Thoroughbred Sector s.13, s.21
3. Standardbred Sector

On behalf of the BC Thoroughbred Owners & Breeders Association and all of its members, we are adamantly opposed to this allocation being put through at this time. We are further opposed to a permanent allocation being made during these tumultuous times.

We believe the allocation should be locked upon annually as conditions in the horse racing industry change from year to year.

Yours truly,

**BC THOROUGHBRED OWNERS AND BREEDERS ASSOCIATION**

Ole Nielsen  
President

ON:bjd

cc: Members of the BC Horse Racing Management Committee

---

**BC Thoroughbred Owners & Breeders Association**  
17687 - 56A Avenue, Surrey BC V3S 1G4  
Telephone: 604-575-8621 Fax: 604-575-8699 [www.bctooba.com](http://www.bctooba.com)

**Fair, Susan P SG:EX**

---

**From:** Sturko, Derek MCF:EX  
**Sent:** Tuesday, March 22, 2011 3:16 PM  
**To:** Johnson, Eugene SG:EX; Fair, Susan P SG:EX  
**Subject:** Fwd: Letter Attached  
**Attachments:** BCHRIMC\_BCTOBA.pdf, ATT000001.htm

Derek Sturko  
Sent from my iPad

Begin forwarded message:

**From:** BCTOBA <[info@bctoba.com](mailto:info@bctoba.com)>  
**Date:** March 22, 2011 3:09:20 PM PDT  
**To:** Gar Campbell <<sup>s.22</sup><[glen@mathc.ca](mailto:glen@mathc.ca)>, George Morfitt <<sup>s.22</sup>>, Glen Todd  
<[glen@mathc.ca](mailto:glen@mathc.ca)>, Jim McGrogan <[jmcgrogan@gecanning.com](mailto:jmcgrogan@gecanning.com)>, "XI:Graydon, Michael  
CAsE:IN" <[mgraydon@BCI.C.com](mailto:mgraydon@BCI.C.com)>, "Sturko, Derek MCF:EX" <[Derek.Sturko@gov.bc.ca](mailto:Derek.Sturko@gov.bc.ca)>  
**Subject:** Letter Attached

Derek:

Attached please find a copy of our letter dated March 21, 2011.

Regards,

Ole

---

**Ole Nielsen**

President - BCTOBA

Fair, Susan P HSD:EX

10/2/20  
H fac.

**From:** Sturko, Derek HSD:EX  
**Sent:** Thursday, December 9, 2010 11:52 AM  
**To:** 'Carol'; Curtis, Chris HSD:EX; Johnson, Eugene HSD:EX; McKinnon, Adam D HSD:EX;  
<sup>s.22</sup> 'glen@pcb.ca'; 'jmogrogan@gcgaming.com'; XT:Graydon, Michael  
**Subject:** CASE:IN; Fair, Susan P HSD:EX  
RE: Allocations

Gar:

I don't understand the numbers you have provided (they are not familiar to us) or your analysis.

For instance, your table suggests there was <sup>s.21</sup> of slot machine revenue distributed in 2009, equally between the two breeds. That was not the case.

I do not understand how you got to <sup>s.21</sup> . as that calculation does not appear on your table.

I also don't understand your references to the operating principles in the MOA or what you are trying to suggest with those references.

Derek Sturko  
ADM, Gaming Policy & Enforcement  
*Know your limit, play within it.*

---

**From:** Carol [mailto:gccampbell@telus.net]  
**Sent:** Thursday, December 9, 2010 10:01 AM  
**To:** Sturko, Derek HSD:EX; Curtis, Chris HSD:EX; Johnson, Eugene HSD:EX; McKinnon, Adam D HSD:EX;  
<sup>s.22</sup> 'glen@pcb.ca'; 'jmogrogan@gcgaming.com'; XT:Graydon, Michael CASE:IN; Fair, Susan P HSD:EX  
**Subject:** Allocations

Assuming we had and will have \$10M from the Slots:

Please review the attached analysis regarding 2009 Thoroughbred and Standardbred racing participating in the slot revenue (and 2010 Great Canadian given half of the slot monies).

Based upon the operating principles of our memorandum of agreement, the contributions of Thoroughbred and Standardbred are quite clear.

The percentage split of revenue contributions has been and is now, running consistently at around... <sup>s.21</sup> Thoroughbred, and <sup>s.21</sup> Standardbred.

Therefore, to be reasonable to all parties, the split of all revenue should be... <sup>s.21</sup> Great Canadian, <sup>s.21</sup> Thoroughbred and <sup>s.21</sup> Standardbred.

When the new money arrives, we are obligated to follow the operating principal of our memorandum of agreement. (Pages 15 and 16).

Committee Member  
Gar Campbell

Page 46 redacted for the following reason:

-----  
s.17, s.21

**Re: Susan P HSD:EX**

**From:** Curtis, Chris HSD:EX  
**Sent:** Monday, October 4, 2010 8:26 AM  
**To:** Fair, Susan P HSD:EX  
**Subject:** FW: Management Committee Meeting Oct 15, 2010

Susan, as per derek's email below, could you please send Ole an invitation to the joint Committee/Industry meeting on October 15.

Thank you  
Chris

**From:** Sturko, Derek HSD:EX  
**Sent:** Saturday, October 2, 2010 3:34 PM  
**To:** 'info@bctoba.com'  
**CC:** Curtis, Chris HSD:EX; <sup>s.22</sup> Fair, Susan P HSD:EX  
**Subject:** Re: Management Committee Meeting Oct 15, 2010

✓done

Ole

We'll sort this out once we get the final response re: representation.

From what you told me & your letter, it appears the BCTOBA will be the group that represents the sector once that's done.

In any event, you are invited on Oct 15. I'm in Cranbrook on Mon but Susan can make sure you get an invitation.

What are your thoughts on all 3 groups attending these mtgs in the future, or is that confusing?

Enjoy the weekend.

Derek

Derek Sturko  
Sent from my BlackBerry

**From:** info@bctoba.com <info@bctoba.com>  
**To:** Sturko, Derek HSD:EX  
**Cc:** Curtis, Chris HSD:EX  
**Sent:** Fri Oct 01 16:32:06 2010  
**Subject:** Management Committee Meeting Oct 15, 2010

Derek:

I note that there is a meeting of the racing industry principals and the BC Horse Racing Management Committee on Friday, October 15, 2010. While we have not finalized which one entity will represent the Thoroughbred sector is BCTOBA and notably myself invited to the meeting? When reply could you also copy my home email being

<sup>s.22</sup>

Thanks,

Ole.

.air, Susan P HSD:EX

---

**From:** Sturko, Derek HSD:EX  
**Sent:** Thursday, October 14, 2010 2:46 PM  
**To:** Fair, Susan P HSD:EX; Curtis, Chris HSD:EX  
**Subject:** Fw: agenda, Friday meeting

FYI, tomorrow's meeting attendees, etc.

Derek Sturko  
Sent from my BlackBerry

---

**From:** VanPetro <vanpetro@vanpetro.com>  
**To:** Sturko, Derek HSD:EX  
**Sent:** Thu Oct 14 14:26:54 2010  
**Subject:** Re: agenda, Friday meeting

Derek,  
One more request

Could you please add Doug McCallum to the Standardbred list for tomorrows meeting.  
Doug is the new part time CEO of Harness B.C.

As for the race dates Harness B.C. is willing to accept the GCGC proposal.  
We plan to work along side GCGC in promotion etc. so as to achieve the right to 82 race dates for 2011.

I just returned from our weekly meeting with GCGC and we have a lot of promotional plans being formulated for the coming season.

The big question is: When is the Lotto B.C. Harness Racing Promotion going to start up?

As soon as I hear back from you I would like to publish the potential race dates on our Harness B.C. web site.

Jim V.

Message -----

----- Original

---

**From:** Sturko, Derek HSD:EX  
**To:** VanPetro  
**Cc:** Curtis, Chris HSD:EX ; Fair, Susan P HSD:EX  
**Sent:** Thursday, October 14, 2010 12:46 PM  
**Subject:** RE: agenda, Friday meeting

Thanks Jim

Derek Sturko  
ADM. Gaming Policy & Enforcement  
*Know your limit, play within it.*

---

**From:** VanPetro [mailto:vanpetro@vanpetro.com]  
**Sent:** Thursday, October 14, 2010 11:15 AM  
**To:** Sturko, Derek HSD:EX  
**Subject:** agenda, Friday meeting

Derek,  
I have a few items I would like to add to Friday's agenda if not already on.

1



2. 2011 allocation monies

3. Change in representatives as per original signed MOA

Jim Vinnell  
Vancouver Petrographics Ltd  
604-888-1323  
[vanpetro@vanpetro.com](mailto:vanpetro@vanpetro.com)  
[www.vanpetro.com](http://www.vanpetro.com)

200/20  
H. Rac

**Fair, Susan P HSD:EX**

**From:** Sturko, Derek HSD:EX  
**Sent:** Thursday, August 12, 2010 8:57 AM  
**To:** Curtis, Chris HSD:EX; Johnson, Eugene HSD:EX; McKinnon, Adam D HSD:EX; Fair, Susan P HSD:EX  
**Subject:** FW: RUSH/URGENT - NEED YOUR VIEWS  
**Attachments:** BCHRIMC Resignation.docx

FYI etc

Derek Sturko  
ADIM, Gaming Policy & Enforcement  
*Know your limit, play within it.*

**From:** Bill Boden [mailto:boden.cwfunds@gmail.com]  
**Sent:** Thursday, August 12, 2010 7:55 AM  
**To:** Sturko, Derek HSD:EX  
**Cc:** <sup>s.22</sup> glen@pcb.ca; XT:Graydon, Micheal CAsE:IN; mwuensdregt@gcgaming.com  
**Subject:** Re: RUSH/URGENT - NEED YOUR VIEWS

Gentlemen:

I apologize that as previously advised, another business commitment has kept me fully occupied for the last two days.

Also as previously advised, I have given more thought to the discussion which we had last Friday.

- 1) the s/b sector had attempted to meet with Great Canadian Gaming Corporation with a proposal to start the <sup>that the</sup> Committee has proposed and v/s the 37 race dates currently granted by BCRC and as posted on Fraser Downs website). The meeting was apparently not granted even though the horsemen had a plan to live within their remaining allocation for 2010. This has a major impact on the preparation for the fall stakes schedule (which are committed by nomination contracts with owners).
- 2)

<sup>We have not</sup> afforded the s/b sector an opportunity to consult on this process. I understand the Committee's view that this crumb is being thrown to enable a transition <sup>but it may not even achieve transition</sup> under this scenario.

However, I would encourage s/b to at least explore this option.

3)

- 4) Intuitively I suspect there are other larger factors at place here (eg

- 5) There are many other troubling aspects of the proposed plan <sup>It seems to me</sup> that some information we have been supplied has a pre-determined bias in favor of thoroughbreds.

s.13, s.17

I also have trouble understanding why as the favored party

6) I am sorry to say this, but we have all spent a lot of precious time to date and our major achievement has been to try to get more of the industry funding, including part of the Government grant, to a public company.

I thought our mandate was to save industry jobs. Eliminating standardbred racing will result in a huge loss of jobs, farms and portions of the agriculture and service sector.

I do not wish to have my name and reputation associated with this process any longer. Attached is my resignation from the Committee, effective immediately.

Sincerely, Bill Boden

On Wed, Aug 11, 2010 at 4:42 PM, Sturko, Derek HSD:EX <[Derek.Sturko@gov.bc.ca](mailto:Derek.Sturko@gov.bc.ca)> wrote:  
Update - GCGC has applied for the change in standardbred race days.

Derek Sturko  
Sent from my BlackBerry

William J. Boden

4264 West 9 Avenue

Vancouver, B.C., V6R 2 C5

12 August 2010

Mr. Derek Sturko,

Chair, B.C. Horse Racing Industry Management Committee

Dear Mr. Sturko:

I hereby resign as a Member of the B.C. Horse Racing Industry Management Committee, effective immediately.

Yours very truly,

William Boden

**Fair, Susan P HSD:EX**

---

**From:** Curtis, Chris HSD:EX  
**Sent:** Monday, October 4, 2010 10:44 AM  
**To:** Sturko, Derek HSD:EX; XT Graydon, Micheal CAsE:IN; 'Morfit Desk'; 'Glen Todd'; 'Gar'; 'Jim McGrogan'  
**Cc:** McKinnon, Adam D HSD:EX; Johnson, Eugene HSD:EX; Fair, Susan P HSD:EX  
**Subject:** Updated Horse Racing Industry Actions Items table and Industry Business Improvement Options (Moving Forward) table

Management Committee Members,

Subsequent to last week's Management Committee conference call, attached are the updated Actions Items table and the updated Industry Business Improvement Options (Moving Forward) table for your information and feedback.

Thank you  
Chris



Committee  
action Items (Active



Industry Business  
Improvements...

## BC HORSE RACING INDUSTRY ACTION ITEMS

s.13, s.21

Green entries arose from September 30, 2010 Management Committee conference call to discuss October 15, 2010 joint Committee/Industry meeting

#	Action Item	Responsible	Due
<b>1. Financial</b>			
1.1	Jim McGrogan to confirm 2010 GCGC allocation numbers with Kiran and Jenny and then provide this information to Adam McKinnon to update allocations table	Jim McGrogan Adam McKinnon	Pending (September 30, 2010)
1.2	Adam McKinnon to review industry monthly cash flow with GCGC as Administrator to ensure continuity of funding over race seasons	Adam McKinnon Kiran Rao	Pending (September 30, 2010)
1.3	With respect to facilities and customer experience, Michael Graydon will discuss cost management vs investment balance with Ross McLeod (GCGC), with respect to need to in facilities and the customer experience	Michael Graydon	Pending (September 15, 2010)
1.4	With respect to a dual-breed track, BCLC (Michael Graydon)	Michael Graydon	Pending (September 15, 2010)
1.5	While the Committee supports the development of initiatives directed towards the stability and viability of racing in BC, inter-provincial linkages/efficiencies with Alberta will be the responsibility of the horsemen's associations to pursue	Horsemen's Associations	Pending (September 15, 2010)
1.6	With respect to non-revenue stakes races, Chris Curtis will look into this to determine if there is still an issue given the change to the racing rules	Chris Curtis	Pending (September 15, 2010)
1.7	Thoroughbred 2011 Race Season The Management Committee re-affirmed GCGC's responsibility to set race days for GPEB approval. The Management Committee endorsed GCGC's 2011 proposal for T-bred race days of 72 days over 7 months starting April 16 ending Oct 2, with the consideration that Friday, Saturday and Sunday race days during the PNE fair be kept and Tuesday and Wednesday be removed. April and October overlap with S-bred's but race days don't overlap in these months.	Raj Mutti	Pending (September 15, 2010)
1.8	Standardbred 2011 Race Season Meetings to be held between S-breds and GCGC regarding options for the 2011 racing season. GCGC will establish principles for these discussions going forward. Meetings held between GCGC and HRBCS. Unable to reach a consensus. Separate proposals to be submitted to Committee by each. GCGC has provided 2011 proposals for both T-breds and S-breds. CC requested same from HRBCS for Sept. 15 MC meeting – received September 14, 2010 The Management Committee re-affirmed GCGC's responsibility to set race days for GPEB approval. Proposed race days were discussed between GCGC and S-Bred's, facilitated by Derek on Sept. 28/10. The following proposal is being considered by GCGC and the S-Bred's  with the potential for 12 extra days in [i.e. if metrics implemented in are met). It is GCGC's responsibility to develop these metrics. GCGC will confirm their position on the 2011 S-bred season, including draft metrics, then discuss this with Derek by	Milt Woensdregt  Chuck Keeling  Jim McGrogan	Pending (August 18, 2010)  Pending (September 15, 2010)  Pending

1  
August 26, 2010

## BC HORSE RACING INDUSTRY ACTION ITEMS

	October 7, 2010		(September 30, 2010)
1.9	GCGC (Raj Mutti, Chuck Keeling) will review current contract for PhotoFinish services <span style="color: red;">s.17</span> Milt will provide Doug Scott's letter to Raj and Chuck who will work with Doug Scott on this Doug Scott, Chuck Keeling and Raj Mutti met to discuss this. GCGC continuing to look at options and will report to Committee.	Milt Woensdregt Raj Mutti Chuck Keeling Doug Scott	Pending (August 18, 2010)
1.10	<span style="color: red;">S-breds</span> will provide written suggestions <span style="color: red;">s.13</span> to GCGC following race-days discussion with GCGC (MW) CC reminded HRBCS/requested this again from HRBCS in Sept. 8 email for Sept. 15 MC meeting – pending receipt.	Jim Vinnell	Pending (August 18, 2010)
1.11	TBC Advisory Group to provide viable new ideas, for both enhancement of TBC and its governance, by end of September/10 (after 2 meetings) <span style="color: red;">s.13</span> TBC Advisory Group meetings being held to identify recommendations which will be tabled before MC after end of September 2010 With respect to governance, BCLC assistance to date has been gratis which can't continue. BCLC can assist with TBC but horsemen must be willing to give up some control. Michael Graydon is willing to meet with TBC Board to discuss governance.	Chris Curtis  Michael Graydon (Chris Curtis)	In Progress (September 30, 2010)  Pending (September 15, 2010)
1.12	<span style="color: red;">s.13, s.17, s.21</span>  CC requested and received definitive positions from HRBCS and GCGC for Committee consideration. Adam McKinnon has provided the Committee his analysis on this for Sept 15 MC meeting – pending Committee discussion/position  Derek Sturko met with Jim Vinnell, Gar Campbell, Jim McGrogan and Chuck Keeling September 28, 2010 to discuss this issue. <span style="color: red;">s.21</span>	Chris Curtis  Chris Curtis Adam McKinnon  Kiran Rao (GCGC) Jim Vinnell (HRBCS)	In Progress (June 25, 2010)  Completed  Pending (September 15, 2010)
1.13	Horsemen's Associations will work directly with GCGC to identify cost savings to address its <span style="color: red;">s.21</span> (Even though <span style="color: red;">s.21</span> extremely difficult to find, it was agreed in June 10 update conference call that all savings, no matter how small, should be pursued) and Horsemen's Associations will develop race plans to accommodate latest allocations (i.e. S-bred – Race Plan for <span style="color: red;">s.21</span> (with Milt) and T-bred – Race Plan for <span style="color: red;">s.21</span> (Glen) Milt wished to emphasize that it will be impossible to get to <span style="color: red;">s.21</span> <span style="color: red;">s.13</span> and, while adjustments to race days/season will not achieve this GCGC is working with the MC on this, including race days/season..	Glen Todd – (T-bred) Milt W. – (S-bred) Horsemen's Associations & GCGC	In Progress (June 25, 2010)
<b>2. Improved Communications</b>			
2.1	GCGC (Milt Woensdregt) and horsemen's representatives will review a list of facilities/operations issues tabled by the horsemen's associations as a basis for discussions for improving the quality of the entertainment offering. Milt wished to emphasize that we must deal with the larger, fundamental issues first before addressing the smaller, facilities-specific issues which will not provide the fundamental changes/savings required. Also, addressing facility-specific issues at either track before the question of single-track and which one is resolved, is impractical.	Milt Woensdregt Debbie Peebles Leif Nordahl Rod Hare	In Progress (Pending receipt of issues from the horsemen's associations)
<b>3. Other</b>			
3.1	Doug Scott, Sam Hawkins, Chuck Keeling and Raj Mutti to identify obstacles <span style="color: red;">s.13</span>	Raj Mutti	Pending



## BC HORSE RACING INDUSTRY ACTION ITEMS

	s.13	Chuck Keeling Sam Hawkins Doug Scott	(September 15, 2010)
	Doug Scott, Chuck Keeling and Raj Mutti met to discuss this. Raj will continue to look into this and report to Committee		
3.2	Chris Curtis to work with Marsha Walden to rationalize overlaps between the Strategic Working Group and TBC Advisory Group and develop definitive Terms of Reference for each CC arranging discussion with MW on this issue - pending	Chris Curtis Marsha Walden	Pending (August 18, 2010)
3.3	Address support required for breeding in 2011 allocations Pending 2011 Committee allocations discussions/decisions in October-Nov 2010	Chris Curtis	Pending

# **INDUSTRY BUSINESS IMPROVEMENTS OPTIONS (MOVING FORWARD)**

#	ACTIONS	STATUS	NOTIONAL RESPONSIBILITY	IMPLEMENTATION
<b>1. New Cost Saving Synergies</b>				
1.1	Increased structure for industry allocations	<p><b>Considerations for 2011 Allocations</b> (From September 30/10 Committee meeting)</p> <p>The following will be considered in making 2011 allocations:</p> <ul style="list-style-type: none"> <li>• Current revenue and forecast;</li> <li>• TBC revenues;</li> <li>• Government funding; and,</li> <li>• GCGC over-allocation in 2010.</li> <li>• Options presented by 2 fiscal years in 2011 race season;</li> </ul> <p><b>Operating Principles for Allocations</b> (Proposed for consideration)</p> <p>Allocations will be determined based on the following operating principles</p> <ul style="list-style-type: none"> <li>• No deficit funding;</li> <li>• Commensurate with operator viability;</li> <li>• Commensurate with TBC viability;</li> <li>• Commensurate with sector revenues and costs for race events;</li> <li>• Commensurate with length of season and number of race days;</li> <li>• Other?</li> </ul>	Committee	Committee with implementation by GCGC as Administrator
1.2	Rationalized race seasons (2010 and beyond)	<p><b>Operating Principles for Race Events</b></p> <p>Racing seasons will be determined based on the following operating principles:</p> <ul style="list-style-type: none"> <li>• Thoroughbred and standardbred racing seasons will not overlap or run concurrently;</li> <li>• The racing season, race days and purse pool will be determined and adjusted based on available funding;</li> <li>• Racing seasons will consolidate the maximum number of race days within the minimum number of months;</li> <li>• When required, the reduction of race days must reduce the length of the season (to reduce track operating costs)</li> </ul>	Committee	GCGC and GPB
1.3	s.13	s.13	Committee	GCGC and GPB Analysis continuing
1.4			Committee	GCGC and GPB Analysis continuing

## INDUSTRY BUSINESS IMPROVEMENTS OPTIONS (MOVING FORWARD)

#	ACTIONS	STATUS	NOTIONAL RESPONSIBILITY	IMPLEMENTATION
		the opportunity to determine continuing viability of each breed.		
<b>2. New Revenue Initiatives and Management &amp; Application of Any New Revenue</b>				
2.1	Government grant	Identify the best use of any new government grant funding to industry: <ul style="list-style-type: none"> <li>The government is considering the amount of revenue that will be available for a grant to the horse racing industry in 2010 and beyond.</li> </ul>	Government of BC	Committee
2.2	BCLC and the expansion of TBC/simulcast and governance of TBC	Enhance the potential of TBC: <ul style="list-style-type: none"> <li>TBC Advisory Group has recommended the following to the Management Committee: <p><b>TBC Governance</b> alternatives have been proposed and are being considered by current partner organizations:</p> <ul style="list-style-type: none"> <li>Status quo;</li> <li>BCLC includes a representative on the TBC Board;</li> <li>BCLC sets up another entity which contracts with the TBC Board on a cost recovery basis;</li> <li>BCLC takes an ownership position in TBC;</li> <li>A Not-for-Profit entity is established and jointly owned by BCLC and TBC Board.</li> </ul> <p><b>TBC Enhancement Recommendations</b></p> <ul style="list-style-type: none"> <li>Transition TBC simulcast into hospitality centres across BC (e.g. bars);</li> <li>Analyse and determine feasibility of replacing Woodbine (WB) with OpenBet (OB) platform as on-line wagering service provider, not only for better contract conditions but also to secure access to player database for marketing growth;</li> <li>Determine whether TBC should close less profitable TBC Racebook locations for operational savings, (i.e. 20% of locations provide 80% of revenue);</li> <li>Determine whether TBC should continue to pursue opening new Racebooks around BC using the existing Racebook model in key markets.</li> </ul> </li> </ul>	Committee	BCLC with TBC assisted by TBC Advisory Group
2.3	BCLC and marketing and promotions	Enhance attendance and wagering through increased marketing: <ul style="list-style-type: none"> <li>(BCLC) Strategic Working Group currently involved with identifying and implementing opportunities.</li> </ul>	Committee	BCLC with GCGC assisted by Strategic Working Group
2.4	Considered and incremental use of any new monies	Determine use of any new monies, based on what is best for the industry as a whole: <ul style="list-style-type: none"> <li>Any new resources must be used prudently and that consideration needs to be given to: <ul style="list-style-type: none"> <li>Purse pools and race seasons;</li> <li>Improving the race experience;</li> <li>Marketing; and</li> </ul> </li> </ul>	Committee	Committee

### INDUSTRY BUSINESS IMPROVEMENTS OPTIONS (MOVING FORWARD)

#	ACTIONS	STATUS	NOTIONAL RESPONSIBILITY	IMPLEMENTATION
		<ul style="list-style-type: none"> <li>The possibility of a contingency fund.</li> </ul>		
2.5	s.13	Provide the capability for the Committee to fund incremental changes and improvements:  s.13	Committee	Committee
<b>3. Improving The Event And Experience</b>				
3.1	Enhance the event and attendees' experience	Increase attendance and wagering through enhancing the event and attendees' experience	Committee	BCLC with GCGC
3.2	Facility improvements	Find the balance between cost savings and the investment required to improve the facilities and enhance the event and experience: <ul style="list-style-type: none"> <li>A small component of any new funds could be used to improve attendee experience by improving racetrack facilities</li> <li>Would not absolve GCGC's primary responsibility for this</li> </ul>	Committee GCGC	Committee with GCGC
3.3	Simplify betting	Encourage and facilitate wagering, especially for new participants: <ul style="list-style-type: none"> <li>Identify ways to simplify the bet experience</li> <li>Identify different wagering options</li> <li>(BCLC) Strategic Working Group currently involved with identifying and implementing opportunities</li> </ul>	GCGC	GCGC assisted by Strategic Working Group
3.4		s.13	GCGC/GPEB	GCGC/GPEB assisted by Strategic Working Group And Committee



Fair, Susan P HSD:EX

---

From: Glen Todd [glen@nathc.ca]  
Sent: Tuesday, February 23, 2010 6:01 AM  
To: Curtis, Chris HSD:EX; glen@pcb.ca; Bill Boden; mwensdregt@gcgaming.com; Chuck Keeling; Raj Mutti  
Cc: Sturko, Derek HSD:EX; Fair, Susan P HSD:EX  
Subject: Re: s:13

Good Morning

I would like to meet first with operator first. I don't think we should include the industry just yet until we have a much firmer plan in place.

Just my thoughts. I am good to meet anywhere on the lower mainland at just about anytime.

Glen

----- Original Message -----

From: "Curtis, Chris HSD:EX" <Chris.Curtis@gov.bc.ca>  
To: <glen@pcb.ca>; "Bill Boden" <boden.cwfunds@gmail.com>; <mwensdregt@gcgaming.com>; "Chuck Keeling" <ckeeling@gcgaming.com>; "Raj Mutti" <rmutti@gcgaming.com>  
Cc: "Sturko, Derek HSD:EX" <Derek.Sturko@gov.bc.ca>; "Fair, Susan P HSD:EX" <Susan.Fair@gov.bc.ca>  
Sent: Monday, February 22, 2010 10:53 AM  
Subject: Dual track option

Gentlemen,

As discussed at the Committee meeting last Friday, I will arrange for a meeting with yourselves (Wilt, Glen, Bill, Raj, Chuck) and myself to further discuss s:13

s:13 I would expect that GCGC will need some time to develop some more information with respect to s:13 arising from Friday's discussion and Bill will need some time to discuss this with the S-bred folks (Rod Hare and the President of HRBCS). Glen may wish to do the same.

Therefore, in order to set this meeting up, could you please give me your thoughts on the following:

- \* When this meeting could be arranged, to give time for additional research and industry consults;

- \* Where you would prefer this meeting to be held in the lower Mainland most convenient to all parties (I will travel over from Victoria).

As a reminder, the Committee emphasized that this issue should be treated as confidential, with the exception of general consultations with specific industry parties, as formative details and options are further analyzed and discussed.

Many thanks

Chris

**Fair, Susan P HSD:EX**

---

**From:** Curtis, Chris HSD:EX  
**Sent:** Monday, February 22, 2010 10:53 AM  
**To:** 'glen@pcb.ca'; 'Bill Boden'; 'nwoensdregl@gcgaming.com'; 'Chuck Keeling'; 'Raj Mutti'  
**Cc:** Sturko, Derek HSD:EX; Fair, Susan P HSD:EX  
**Subject:** s.13 option

Gentlemen,

As discussed at the Committee meeting last Friday, I will arrange for a meeting with yourselves (Milt, Glen, Bill, Raj, Chuck) and myself to further discuss the s.13 option. I would expect that GCGC will need some time to develop some more information with respect to the s.13 option arising from Friday's discussion and Bill will need some time to discuss this with the S-bred folks (Rod Hare and the President of HRBCS). Glen may wish to do the same.

Therefore, in order to set this meeting up, could you please give me your thoughts on the following:

- When this meeting could be arranged, to give time for additional research and industry consults;
- Where you would prefer this meeting to be held in the Lower Mainland most convenient to all parties (I will travel over from Victoria).

As a reminder, the Committee emphasized that this issue should be treated as confidential, with the exception of general consultations with specific industry parties, as formative details and options are further analyzed and discussed.

Many thanks  
Chris

Fair, Susan P HSD:EX

10/2/10  
H PRINT

From: Sturko, Derek HSD:EX  
Sent: Thursday, December 17, 2009 1:31 PM  
To: boden.cwfunds@gmail.com; Sturko, Derek HSD:EX;  
glen@pccb.ca; XT:Graydon, Micheal CAsE:IN; mwovensdregl@gcgaming.com  
Cc: Curtis, Chris HSD:EX; McKinnon, Adam D HSD:EX; Fair, Susan P HSD:EX  
Subject: FOLLOW-UP from December 16 Mtg

Importance: High

Further to our meeting on December 16, attached is a table that summarizes our collective understanding, to date, of the current year amounts for revenue and expenditures.



BC Horse Racing  
New Financial ...

**AS DISCUSSED, PLEASE CONSIDER THIS INFORMATION STRICTLY CONFIDENTIAL.**

This table reflects only the submissions from GCCGC and TBC (but are consistent with those documents). The table does not yet reflect information from any of the standardized or thoroughbred associations.

However, we have added additional (currently blank) columns for the information from all those other sources to be incorporated.

The attached document exists as two distinct "sheets" in the Excel spreadsheet:

- The first is the one we used during the meeting (which still includes some temporary information under "Temporary" that will ultimately be eliminated); and
- The second reflects the addition of all of the other organizations.

You can toggle between them by clicking on the appropriate "tabs" at the bottom of the page - either "GCCGC & TBC" or "Associations & Other".

This document will print in color in an 8 ½ by 14 (legal) format. To ensure you print both pages, click on "Entire Workbook" under "Print what".

**Next Steps**

- Adam will review the other submissions we have received and complete some of the missing sections;
- Adam will meet with folks from GCCGC and TBC next week to discuss outstanding items

s.13, s.21

- Prior to our next meeting, but after those steps, I will circulate an updated version of this table; and
- Once we have ensured we all have a common understanding of what has been assembled, we will create a 2010/11 copy of this table, populate it with anticipated revenue, and use it to make expenditure allocations for 2010/11.



### Next Meeting

The next meeting is tentatively scheduled for Tuesday, January 12 from 9:00 to 12:00 at River Rock Casino (Similkameen Room in the Conference Centre). I have proposed a change in location so that those attending from Victoria (and presumably Bill) can use the Canada Line to get to the meeting from downtown. I don't think it substantially affects the travel plans of Mike, Glen or Milt. All committee members except Mike are confirmed for this meeting.

Many thanks for your involvement on what turned out to be a successful working session.

And all the best of the Holiday Season to you and your families.

Derek Surko

ADM, Gaming Policy & Enforcement

*Know your limit, play within it.*

# Horse Racing Industry Financial Model: Industry Allocations

s.21, s.17

For 2009 Reporting Period

## Money In

	Temporary (Bets at Track)	GC&C Forecast	TBC/VR	Total
Slot Grants (15.5% of Province net)	7,000,000	7,000,000	0	7,000,000

Potential  
Available Allocation

Potentially Available for Distribution by Committee

MORE INFORMATION NEEDED

**Sturko, Derek HSD:EX**

---

**From:** Sturko, Derek HSD:EX  
**Sent:** Friday, February 19, 2010 8:48 AM  
**To:** 'dave gould'  
**Cc:** Fair, Susan P HSD:EX; Curtis, Chris HSD:EX  
**Subject:** RE: interior horse racing (Log # 161039)

Log # 161039

February 18, 2010-02-19

Dave Gould

Mr. Gould:

I am responding to your February 17, 2010 e-mail regarding interior horse racing and further to our February 17, 2010 telephone discussion.

I am sorry you feel your initial elation concerning the establishment of the BC Horse Racing Industry Management Committee was premature. I do not feel your initial response was premature and believe, in the longer term, you will agree with that belief.

The Committee is taking a thoughtful and methodical approach to the difficult financial circumstances in which the industry finds itself. Those circumstances developed over many years and for many reasons. Frankly, there is no simple solution to the problems faced by horse racing.

For 2010, the Committee chose to:

- Stop the growth in the ongoing deficit financing that was occurring;
- Allocate funds responsibly, rather than based on the unrealistic proposals made by industry organizations;
- Garner the involvement of new partners (e.g.: BC Lottery Corporation) in ways which make financial sense to those organizations; and
- Begin to articulate longer term solutions for the problems that plague horse racing (e.g.: new ways of marketing race events, new approaches to management, etc).

In response to your specific questions:

- why does your letter state that we are receiving the same money as last year in 2009 we received \$200 000/2010 100 000

The \$100,000 allocation is the same as the contribution provided by the HBPA in 2009. The interior tracks do receive revenue from other sources, but the Committee has no authority over those funds. Please also note that the organizations representing both the standardbred and thoroughbred sectors will receive in 2010 than in 2009.

- why did we not receive any representation on your new board

The Committee was not established to create a forum for each group or organization to argue their case. The Committee is charged with working in the best interest of all horse racing.

The Committee is comprised of individuals the Minister selected based on their knowledge and experience. The two individuals affiliated with the standardbred and thoroughbred sectors were not chosen to represent the sectors, but rather to represent horse racing generally and to bring their business experiences from outside and within the industry to the discussions.

Previous industry forums, which always included direct representation from specific sectors and organizations, have not addressed substantive issues facing the industry. In my view, too often organizational perspectives and priorities prevented a coordinated and cooperative effort.

- why was our submission not taken into consideration

All of the submissions received by the Committee were reviewed and considered. Frankly, all of the submissions were unrealistic. In total, the requests exceeded the projected revenue by over ~~s.17~~, ~~s.21~~ In the case of interior racing, the request was for ~~s.13~~, ~~s.17~~, ~~s.21~~ That money would have to come from somewhere. Where would you suggest?

- how much does the interior racing industry receive from gaming revenues from our own communities

I am not sure I can answer this question. I suspect the best source of this information would be the IHRA.

- how much does hasting racecourse receive from gaming revenues from our communities

Horse racing activities at Hastings Racecourse receive no gaming revenue from any communities other than Vancouver and Surrey. As I am sure you are aware, the horse racing industry currently receives 15.5% of Government's net revenue from slot machines at the two casinos co-located with the two major race tracks.

- have you witnessed Alberta's thriving "b" tracks

I am advised that the "b" tracks in Alberta are more stable than in BC.

- will this situation improve in immediate years to come

The Committee has been directed by the Minister to take a long term approach to help stabilize and revitalize horse racing. In 2010, the Committee is attempting to stabilize the financial circumstances and establish the elements of a longer term plan.

As noted, the financial circumstances in which horse racing finds itself have taken time to develop and will take some time to rectify. There is no simple solution. The Committee is trying to establish a stronger financial foundation from which to build.

What is being attempted in BC through the Committee represents a unique approach to this industry. The Minister has clearly demonstrated Government's commitment to this effort through the establishment of the Committee and the allocation of resources (financial, personnel) to this effort.

The Committee is very optimistic about the possibilities for improvement in the next few years.

I hope this response addresses your concerns.

Derek Sturko

ADM, Gaming Policy & Enforcement

*Know your limit, play within it.*

## Sturko, Derek HSD:EX

**From:** Fair, Susan P HSD:EX  
**Sent:** Thursday, February 18, 2010 12:08 PM  
**To:** Sturko, Derek HSD:EX  
**Subject:** RE: interior horse racing

Dave Gould just called and asked to speak to you. He can be reached at: 250 295-6808 work;

s.22

s.22

**From:** Sturko, Derek HSD:EX  
**Sent:** Thursday, February 18, 2010 8:57 AM  
**To:** Fair, Susan P HSD:EX; Cowland, Ursula HSD:EX  
**Subject:** FW: interior horse racing

Fyi, Cliff, etc. Think I'll draft a quick reply.

Derek Sturko  
ADM, Gaming Policy & Enforcement  
*Know your limit, play within it.*

**From:** s.22  
**Sent:** Wednesday, February 17, 2010 3:37 PM  
**To:** Sturko, Derek HSD:EX  
**Subject:** interior horse racing

*-Derek;  
-Sets the right  
tone  
-2 up/layer of  
support and  
Q 1005*

Mr Sturko,  
My name is s.22 I have been racing horses in the bc interior and hastings park for the past three years,I have invested in a farm in s.22 and bred my broodmare in bc.I employ a rider and a groom and we train at the track in s.22 For the past three seasons I have managed to put a quality product on our "b" track as we were leading barn for the past two years.The offshoot of our racing business in s.22 alone seems to contribute on a number of levels,ie feed store,rent revenue for s.22 race track,employment and veterinarian. I also provide well conditioned horses available for entry so that there are enough horses to make it possible for these long standing events to take place and gaming revenues possible for the province of british columbia.These past years have been difficult because of dwindling purse money. When it was announced that there was a new committee formed to try to resolve some of these issues I was elated.

This it seems was premature,after reading your letter posted on the hastings web site,I,soon to be we,who have worked extremely hard to support the interior race INDUSTRY have some questions and concerns.

- why does your letter state that we are receiving the same money as last year in 2009 we received \$200 000/2010 100 000
- why did we not receive any representation on your new board
- why was our submission not taken into consideration
- how much does the interior racing industry receive from gaming revenues from our own communities
- how much does hasting racecourse receive from gaming revenues from our communities
- have you witnessed Alberta's thriving "b" tracks
- will this situation improve in immediate years to come

When I started in horse racing the interior race tracks were the perfect place for me to start. I do not believe I would have been able to learn the ropes in vancouver as easily. There have been many people who have helped me along the way and I probably would not be involved today if it were not for this environment's when s.22 and I started as owners,this year i am training for an owners new to horse racing,they have also purchased a farm in s.22 and a number of broodmares that they have bred. This racing circuit is imperative to new people in the racing industry as they can learn without the



## **Sturko, Derek HSD:EX**

---

**From:** Wednesday, February 17, 2010 3:37 PM  
**Sent:** Sturko, Derek HSD:EX  
**To:** interior horse racing  
**Subject:**

s.22

Mr Sturko,

My name is ,I have been racing horses in the bc interior and hastings park for the past three years,I have invested in a farm in and bred my broodmare in bc.I employ a rider and a groom and we train at the track in .For the past three seasons I have managed to put a quality product on our "b" track as we were leading barn for the past two years.The offshoot of our racing business in alone seems to contribute on a number of levels,ie feed store,rent revenue for race track,employment and veterinarian. I also provide well conditioned horses available for entry so that there are enough horses to make it possible for these long standing events to take place and gaming revenues possible for the province of british columbia.These past years have been difficult because of dwindling purse money. When it was announced that there was a new committee formed to try to resolve some of these issues I was elated.

This it seems was premature,after reading your letter posted on the hastings web site,I,soon to be we,who have worked extremely hard to support the interior race INDUSTRY have some questions and concerns.

- why does your letter state that we are receiving the same money as last year in 2009 we received \$200 000/2010 100 000
- why did we not receive any representation on your new board
- why was our submission not taken into consideration
- how much does the interior racing industry receive from gaming revenues from our own communities
- how much does hasting racecourse receive from gaming revenues from our communities
- have you witnessed Alberta's thriving "b" tracks
- will this situation improve in immediate years to come

When I started in horse racing the interior race tracks were the perfect place for me to start. I do not believe I would have been able to learn the ropes in vancover as easily. There have been many people who have helped me along the way and I probably would not be involved today if it were not for this environment's when and I started as owners,this year i am training for an owners new to horse racing,they have also purchased a farm in and a number of broodmares that they have bred. This racing circuit is imperative to new people in the racing industry as they can learn without the high pressure of vancover,when they are ready for the next level,they will be better prepared for the big city,therefore will be more productive owners/trainers/riders/grooms and assistants

Thank you for your time and I look forward to your response

---

Windows® phone-your Windows stuff, on the go. [See more.](#)

## Curtis, Chris HSD:EX

**From:** Curtis, Chris HSD:EX  
**Sent:** Friday, January 29, 2010 4:17 PM  
**To:** Sturko, Derek HSD:EX; 'mwoensdregt@gcgaming.com'; 'glen@pcb.ca'; 'Bill Boden'; 'George Morfitt'; XT:Graydon, Micheal CASE:IN  
**Cc:** McKinnon, Adam D HSD:EX; Fair, Susan P HSD:EX  
**Subject:** BC Horse Racing Industry Management Committee Meeting - February 1, 2010

Dear Management Committee Members,

Monday's Management Committee meeting is scheduled as a video-conference, between 9am – 12 noon:

- in Burnaby in the boardroom at the GPEB offices Suite 408 - 4603 Kingsway; and,
- in Victoria, in the boardroom at the GPEB offices on the 3<sup>rd</sup> floor, 910 Government Street.

Your contact(s) in Burnaby, should you need to contact anyone there, are Susan Owen at (604) 660-7407 or Katherine Gannon (604) 660-1416 and myself here in Victoria at (250) 387-0201 or Susan Fair (250) 387-1301.

The agenda for Monday will include the following:

1. Continued discussion on Memorandum of Agreement - (Attached, no changes)
2. Meeting with industry principals regarding allocations and longer-term options
3. Allocations (2010) – (Attached)

Please let me know if you wish anything else included on the agenda.

Many thanks  
Chris

### Memorandum of Agreement



159766 BCHRIMC 159766 Cover  
- Industry MOA ...etter for MOA.pd.

### Allocations (Spreadsheet)



BC Horse Racing  
New Financial ...

s. 15



**Curtis, Chris HSD:EX**

---

**From:** Phosy, Krisna HSD:EX  
**Sent:** Thursday, January 21, 2010 5:05 PM  
**To:** 'cthsbc@cthsbc.org'; 'hbpapresident@gmail.com'; 'rod.hare@harnessracingbc.com'; 'bmccneill@thebettingcompany.com'; 'jrbey@nethop.net'; 'rmullit@hastingsracecourse.com'; 'ckeeling@gcgaming.com'  
**Cc:** Sturko, Derek HSD:EX; Curtis, Chris HSD:EX; XT:Graydon, Micheal CASE:IN; 'mwoensdregt@gcgaming.com'; 'glen@pcb.ca'; 'boden.cwfunds@gmail.com';  
**Subject:** <sup>s.22</sup>Memorandum of Agreement between the BC Horse Racing Industry Management Committee and BC Horse Racing Industry Organizations

Good afternoon,

I am emailing you on behalf of Derek Sturko, Chair of the BC Horse Racing Industry Management Committee.

Attached is a PDF copy of a covering letter and the "Memorandum of Agreement Between the BC Horse Racing Industry Management Committee and BC Horse Racing Industry Organizations Pertaining to the Establishment and Authority of a BC Horse Racing Industry Management Committee".



159766 BCHRLMC 159766 Cover  
- Industry MOA ...etter for MOA.pd.

Principals of the key organizations in BC's horse racing industry are requested to sign the signature page of the Memorandum of Agreement and return to Derek Sturko as soon as possible.

Regards,

**Krisna Phosy**

FOI, Records and Correspondence Coordinator  
Gaming Policy and Enforcement Branch  
Ministry of Housing and Social Development  
3rd Floor, 910 Government Street  
Victoria, BC V8W 9N1  
Phone: 250-387-1151  
Fax: 250-356-1910

*Know your limit, play within it.*

Pages 71 through 88 redacted for the following reasons:

s.13

s.13, s.17, s.21



KPMG LLP  
Chartered Accountants  
10125 - 102 Street  
Edmonton AB T5J 3V8  
Canada

Telephone (780) 429-7300  
Fax (780) 429-7379  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## PERSONAL & CONFIDENTIAL

Mr. Chris Curtis  
Special Advisor, Gaming Policy and Enforcement Branch  
Ministry of Housing and Social Development  
Special Assistant to the BC Horse Racing Industry  
PO Box 9311 Stn Prov Govt  
Victoria BC V8W 9N1

June 11, 2010

Dear Mr. Curtis:

### GST/HST and Income Tax Issues New Financial Model for B.C. Horse Racing

Further to our General Service Agreement with the Province of British Columbia ("B.C.") of May 6, 2010, we are writing to provide our feedback<sup>1</sup> concerning the indirect tax and income tax issues associated with the new financial model being proposed for the B.C. Horse Racing Industry.

## FACTS AND ASSUMPTIONS

### New Model

- Based on the Memorandum of Agreement of January 21, 2010, and the Addendum to the Agreement (collectively referred to in this letter as the "MOA"), the BC Horse Racing Industry Management Committee (the "Committee") and the BC Horse Racing Industry Organizations

---

<sup>1</sup> The advice contained in this letter is based on the facts, assumptions and representations stated herein. You have represented to us that you have provided us with all facts and circumstances that you know or have reason to know are pertinent to this correspondence. If any of these facts, assumptions or representations are not entirely complete or accurate, it could have a material effect on our advice. Our advice takes into account the applicable provisions and judicial and administrative interpretations of The Excise Tax Act, The Income Tax Act and other relevant taxing statutes, the regulations there under and applicable tax treaties. Our advice also takes into account all specific proposals to amend these Acts or other relevant statutes and tax treaties publicly announced prior to the date of our advice, based on the assumption that these amendments will be enacted substantially as proposed. Our advice does not otherwise take into account or anticipate any changes in law or practice, by way of judicial, governmental or legislative action or interpretation. Any such changes could have an effect on the validity of our advice. Unless you specifically request otherwise, we will not update our advice to take any such changes into account.

KPMG's advice is for the sole use of KPMG's client. The advice is based on the specific facts and circumstances and the scope of KPMG's engagement and is not intended to be relied upon by any other person. KPMG disclaims any responsibility or liability for any reliance that any person other than the client may place on this advice.



Page 2

Mr. Chris Curtis

Ministry of Housing and Social Development

June 11, 2010

have entered into the MOA pertaining to the establishment and authority of a BC Horse Racing Industry Management Committee. The MOA is effective January 1, 2010.

- The Committee is to be established as either a not-for profit society/corporation under the Societies Act of BC or as an unincorporated committee of the Province of BC.
- Under the MOA:
  - The principal organizations operating within the horse racing industry in BC have agreed the industry has for some time been, and continues to be, in significant financial difficulty and distress.
  - The principal organizations operating within the horse racing industry in BC each wish to have the horse racing industry of BC managed in the best interests of the industry as a whole.
  - The Minister of Housing and Social Development (the "Minister") has directed that there be established a BC Horse Racing Industry Management Committee for the purpose of providing strategic direction and business leadership in the horse racing industry in BC.
  - The principal organizations operating within the horse racing industry in BC have agreed to the establishment of such a Committee for this purpose and to act and make decisions on their behalf consistent with this purpose.
  - The principal organizations operating within the horse racing industry in BC have agreed to continue to make operational decisions consistent with their mandated responsibilities, but to do so within the broad business and fiscal framework established by the Committee.
  - The Committee will be responsible to, among other things: (i) provide strategic direction and business leadership to the industry; (ii) decide upon and establish a broad business and fiscal framework for the industry; (iii) establish and implement a revised horse racing industry financial model to be in effect as of January 1, 2010, which is to include – the allocation of net racing income revenue, management of the industry's share of the provincial levy revenues and the Province of BC racetrack slot machines grants and the replacement of the existing industry agreements with a small number of more strategic agreement(s).



Page 3

Mr. Chris Curtis

Ministry of Housing and Social Development

June 11, 2010

- The Committee is intended to be the strategic decision making body for the horse racing industry in BC and is in no way intended to supplant the role or function of any industry organization's Board or Executive or to be involved in the management of, or in the making of decisions for, the operation of any industry organization – all of which remain the sole responsibility of the industry organization itself.

- The principal organizations that are operating under the MOA include:

Horsemen Associations:

- Canadian Thoroughbred Horse Society, BC ("CTHS")
- Horsemen's Benevolent & Protective Association, BC ("HBPA")
- Harness Racing BC Society ("HRBCS")
- Interior Horse Racing Association ("IHRA")

Racetrack and Teletheatre Operators (the "Operators"):

- The Betting Company TBC Teletheatre BC ("TBC")
- Great Canadian Gaming Corporation ("GGGC")/Orangeville Raceway Limited ("ORL")
- GCGC/Hastings Entertainment Inc. ("HEI")

The Committee:

- BC Horse Racing Industry Management Committee
- TBC, IHRA, ORL and HEI hold the licenses for the pari-mutuel horse racing at the racetracks.
- The Committee will oversee and direct the flow of industry finances. There will be single Horse Racing Industry account (the "HRI Account"), through which industry generated funds and grants will flow into and for allocation to industry participants.
- The HRI Account is to be administered by HEI, under the oversight and direction of the Committee. HEI, a for profit corporation incorporated under the laws of BC, is a 100% owned subsidiary of GCGC through GCGC's 100% owned subsidiary, 686486 B.C. Ltd.



Page 4

Mr. Chris Curtis

Ministry of Housing and Social Development

June 11, 2010

s.13, s.17, s.21

### Old Model

- Under the old model (i.e., prior to January 1, 2010), a complex series of revenue sharing agreements existed between all industry organizations.
- Under the old model, entry and nomination fees were included in the calculation of the horse owners' purse prizes.

### Application of the Goods and Services Tax ("GST") – Old Model

- The wagers accepted from bettors by Operators and the amounts paid to Horsemen Associations under individual agreements entered into between industry organizations have been treated as GST-exempt under paragraph 5.2(b) of Part VI of Schedule V to the *Excise Tax Act* (ETA).



Page 5

Mr. Chris Curtis  
Ministry of Housing and Social Development  
June 11, 2010

- The Grants are viewed as being made for a public purpose and have not been treated as consideration for any supply made by recipients to the government. As a result, GST has not been charged or collected on the Grants.
- Entry and nomination fees paid by horse owners for the right to compete in the horse race would have qualified as not being consideration for any supply under subsection 188(3) of the ETA and, therefore, would not have been subject to GST.

## ISSUES

The Committee has requested our comments concerning the following issues related to the new BC Horse Racing Industry Financial Model:

s.13, s.17

## OUR COMMENTS

s.13, s.17



Pages 94 through 102 redacted for the following reasons:

-----  
s.l.3, s.17

s.21

**Sturko, Derek HSD:EX**

---

**From:** Curtis, Chris HSD:EX  
**Sent:** Thursday, June 3, 2010 7:42 AM  
**To:** Bill Boden; Sturko, Derek HSD:EX  
**Subject:** RE: Discussion with Rod Hare  
**Attachments:** FW: purse payment

s.13, s.17

Bill, as you can see from my inquiry and Rod's responses in the attached emails regarding the S-bred's purse pool he does not dispute to me rather he attempts to explain how they got into it<sup>3</sup>  
However, it appears that in talking to you he disputes that  
it, Regardless of what he calls  
reason the Committee wished to take greater control over the purse pool allocations This is exactly the  
objected to on the basis that they were the only ones handling their funding responsibly, and it goes against the very which the S-bred's  
clear message the Committee has sent to the industry

Chris

**From:** Bill Boden [mailto:boden.cwfunds@gmail.com]  
**Sent:** Wednesday, June 2, 2010 9:31 PM  
**To:** Sturko, Derek HSD:EX; Curtis, Chris HSD:EX  
**Subject:** Discussion with Rod Hare

Derek and Chris: I did have a brief discussion with Rod Hare just after our phone call this morning. I informed him of the current forecasted allocation, with perhaps more reductions to come. He disputes the term and thinks this has been misunderstood. I need to understand this, and we agreed to have a discussion tomorrow. I'll get back to you, but due to other needs I can only do what I can fit in.  
Regards, Bill

**Sturko, Derek HSD:EX**

---

**From:** cthsbc@cthsbc.org  
**Sent:** Thursday, June 3, 2010 8:56 PM  
**To:** glen@nathc.ca  
**Cc:** hbpapresident@gmail.com; rmutti@hastingsracecourse.com; Sturko, Derek HSD:EX; Curtis, Chris HSD:EX; Coleman, Rich HSD:EX  
**Subject:** BC-bred owner bonus

On review of your latest purse pool projections you have again eliminated the BC owner bonus paid to BC-bred horses.

As mentioned to the Industry a number of times the breeding industry can not afford to take anymore hits (please refer to Richard Yates' report). We are prepared to take our share of losses etc. as long as we also share in the upside.

It is the opinion of our Board the loss of the BC owner bonus paid to BC-bred horses will decimate the "market breeder" and will surely be the end of the breeding industry as we know it today.

The breeding industry is losing breeders quite quickly and in addition a high percentage of breeders have decreased their number of mares or are not breeding their mares at all.

As the percentage of BC-bred horses at Hastings is estimated at between 65%-75% of the horse population the loss of breeding in BC would have a severe effect.

In addition, the loss of the BC owner bonus would have a devastating effect on our yearling sale.

Unless the BC-bred owner bonus paid to BC-bred horses is taken off the table we will not be attending any meetings to discuss the purse pool nor will we be attending the Industry meeting on Monday afternoon. In addition, a majority of the directors of the CTHS (BC Division) will be resigning after the annual general meeting on June 17, 2010.

It is very unfortunate that matters have to come this but with the continue hit on the breeders there is really nothing left.

It is the feeling of the Ralph Jesiak, Vice President and Sales Chair, that with the BC-bred owner bonus gone that the sale of yearlings in September will be a disaster and as a result we would not be prepared to hold it.

Regards,

CTHS (BC DIVISION)

Leif Nordahl, President

Ralph Jesiak, Vice-President

Suzanne Anderson, Vice-President

## Sturko, Derek HSD:EX

From: Curtis, Chris HSD:EX  
Sent: Thursday, June 3, 2010 11:35 AM  
To: 'glen@nathc.ca'  
Cc: Sturko, Derek HSD:EX; 'mwoensdreg@gcgaming.com'; XT:Graydon, Micheal CASe:IN; Bill Boden; 'Morfit Desk'  
Subject: RE: HRLC BC June 1 Letter GPEB

Glen, there is a distinction between the strategic work the Committee critically needs to do now and discuss with industry and the more operational level issues that they continue to bring up for Committee consideration.

We specifically set up the new financial Working Group with Adam as focal point so that industry can contribute to the financial picture and forecast and have assurance that the figures being used are correct and transparent. This Working Group contains Kiran Rao, GCGC, Rod Hare, HRBCS, Harold Barrobby, HBPA (i.e. all people who can discuss the GCGC expenses re: slot revenues as well as representing HRLCBC) as well as Jeff Taite, TBC and Elaine Hughton from BCLC. Adam held his first meeting with this group by conference call yesterday and none of the financial concerns mentioned in the HRLCBC letter were brought up at that meeting, instead they were tabled for Committee consideration the very next day.

At the last meeting with industry, Milt agreed to meetings with the horsemen's associations as a basis to resolving facilities issues (Action Item below). This is pending a list of such issues coming from the horsemen's associations to Milt as a basis for these discussions. They have provided nothing yet to Milt, as required, but wish food and beverage management to be discussed at the Committee/Industry meeting.

2.6	GCGC (Milt Woensdregt) and horsemen's representatives will review a list of facilities/operations issues tabled by the horsemen's associations as a basis for discussions for improving the quality of the entertainment offering.	Milt Woensdregt Debbie Peebles Leif Nordahl Rod Hare	In Progress (Commented upon receipt of issues from the horsemen's associations)
-----	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------	------------------------------------------------------------------------------------

At the last meeting with industry, it was agreed that "without interfering with the operations of the industry, Chris Curtis will monitor operational "performance" across the industry to the level of oversight required by the Committee." Under this arrangement, this issue should have been tabled before me first, rather than the Committee. I am more than happy, and it is my role, to support both the Industry and Committee on these types of operational-level issues.

At the February 5, 2010 meeting with industry Chuck Keeling (and Raj Mutti) offered to host ongoing meetings between GCGC and the respective horsemen's associations at each track as a forum to address these types of operational level issues. These forums have not been set up yet.

Despite all of these initiatives, the horsemen continue to bring everything to the Committee which compromises the intent and effectiveness of all of these initiatives and places unreasonable expectations before the Committee which, as a strategic body, struggles to find time at these meetings to discuss the much more critical issues. This new governance model will only work most effectively when the industry organizations themselves attend or establish the forums required for them to manage their operational business more cooperatively and collegially themselves. We have set up a couple of these already (as above) and will continue to facilitate this with industry but they must start making use of these in order to effectively complement the work of the Committee.



> 6) Provincial government advocacy on Federal position on racing losses  
> (New Financial Working Group - Adam McKinnon)  
>  
> Many thanks  
> Chris  
>  
> -----Original Message-----  
> From: Rod Hare [mailto:rod.hare@harnessracingbc.com]  
> Sent: Wednesday, June 2, 2010 6:33 PM  
> To: Curtis, Chris HSD:EX  
> Cc: s.22 ; 'bill pamburn'; 'Debra Peebles';  
> lsnoordahl@nordahl.bc.ca; s.22 'Bill Boden';  
> glen@pcb.ca  
> Subject: HRLC BC June 1 Letter GPFB  
>  
> Hello, Chris,  
>  
> The leadership Council met last week and some of the same issues that  
> have been talked about for month's perpetuate. In a nutshell, no one can  
> understand how it can be justified for GCGC to be allocated s.21  
> to run the two races course. To the horsemen this appears well  
> beyond what they would have legitimately received in the past and well  
> beyond what it should take to run the two racecourses on their own. I  
> hasten to add that neither breed leadership wishes to shed any doubt on  
> the great work and undoubted ability of either Bill Boden or Glen Todd.  
> On the contrary, they wish to provide them with some support. Some of  
> the leadership were as close as they could get to the negotiations when  
> the racino deals were struck and simply feel that they can add value.  
>  
> The horsemen feel that such an amount as s.21 must included  
> significant corporate expense, which is completely inappropriate, as  
> well as expenses more correctly accruing to the running of the casino  
> which should not be charged to racing.  
>  
> All appreciate the work of the committee and appreciate that the  
> committee has seen GCGC's justification, and as accountants in the main,  
> are happy that the accounting is appropriate, but the questions that  
> perpetuate aren't about accounting. They are about what was intended  
> when the racinos were approved and about what is fair to racing, which  
> is the reason they were approved in the first place and continue. As  
> such, they feel that the committee may be at a disadvantage and may be  
> getting a distorted picture from GCGC. If I may use an example, it is  
> one thing for people to agree that a share of corporate/head office  
> expenses that might be charged to the racinos is appropriately  
> calculated....but it is quite another question to debate whether, in  
> fact, any corporate/head office expenses should be charged to racing!  
>  
> In the above example, the horsemen say "not", as they have nothing to do  
> with racing and are expenses incurred by the company commensurate with  
> decisions concerning their other operations. This would even include  
> their Hastings and Fraser Downs Casino operations. For these, they get  
> separately compensated and it is those casino operations that should  
> cover the company expenses. Neither ORL or HEI were "casino operators"  
> when the slots were approved. The horsemen don't believe that the  
> deal/the approval was ever intended to have racing cover any expenses of  
> a corporate operator or any operator, except as they expressly pertain  
> to running the racetracks.

**Fair, Susan P HSD:EX**

---

**From:** Curtis, Chris HSD:EX  
**Sent:** Thursday, June 3, 2010 1:34 PM  
**To:** Sturko, Derek HSD:EX; 'mwoensdregt@gcgaming.com'; 'Glen Todd'; 'boden.cwfunds@gmail.com'; XT Graydon, Micheal CAsE:IN; 'George Morfit'; 'Marsha Walden'; McKinnon, Adam D HSD:EX; Johnson, Eugene HSD:EX; Fair, Susan P HSD:EX  
**Cc:** BC Horse Racing Industry Management Committee Meeting, Friday, June 4, 2010 - Meeting Agenda and Materials  
**Subject:**

Dear Management Committee Members,

Tomorrow's Committee meeting will be held between 10 am and 1 pm via video-conference between the GPEB facilities in Victoria at 910 Government Street and the GPEB Audit facilities in Burnaby at 220-4370 Dominion Street Burnaby BC.

Contact people in Victoria are Susan Fair at (250) 387-1301 and Chris Curtis at (250) 387-0201 and in Burnaby, Semmy Wong 604 775-1191 and Stephanie Troll 604 660-0266.

The agenda for tomorrow's meeting will include the following:

- Follow-up: April 28 Committee/Industry meeting
- Industry finances and industry prognosis
- New monthly funding disbursement process
- TBC Advisory Group
- Agenda for June 7 Committee/Industry Meeting

The PowerPoint presentation for the meeting is attached below. The spreadsheet(s) required for "Industry finances and prognosis" item will be provided at the meeting. Please provide me, as attachments to email, anything you wish presented at the meeting in support of the agenda item(s).

Please let me know if you wish anything else included on the agenda.

Many thanks  
Chris



June 4-10  
mm-lnd Meeting -



Pages 109 through 113 redacted for the following reasons:

-----

s.13 s.17, s.21

s.17, s.21

## Industry Fiscal Challenges

- Industry allocations will have to accommodate a possible reduction of [redacted] in revenue, arising from the following:

### Addressed

- [redacted] change from original forecast.
  - Already offset through the following adjustments to allocations: T-breds [redacted] S-breds [redacted] GCGC [redacted]

### Outstanding

- [redacted] in operating expenses (i.e. simulcast fee, tote expenses, HPI reward expenses)
  - Pending Committee decision/disposition
- [redacted] 1 year-to-date earned revenue shortfall
  - Pending Committee decision/disposition
- [redacted] TBC operating expenses increase
  - Pending Committee decision/disposition

**Sturko, Derek HSD:EX**

---

**From:** Glen Todd [glen@nathc.ca]  
**Sent:** Monday, March 22, 2010 6:57 AM  
**To:** Sturko, Derek HSD:EX; mwovensdregit@ggaming.com; glen@pcb.ca; George Morfit; Curtis, Chris HSD:EX; Bill Boden; XT:Graydon, Micheal CASe:IN  
**Subject:** Agenda Item

Good Morning

I would like to add to our agenda a sub committee to lobby the federal government in regards to Horse Racing being a very grey area in the tax act as being a restricted farm loss classification.

Right now we need all the help we can get in our industry to help us to get new owners. Before tax dollars would greatly help us across Canada. Right now most owners fall into a restricted category of \$12,500 annually which is a joke in comparison to the real costs of owning race horses in either breed.

Could we please put it on our next agenda for discussion and I guess Lobby isn't the correct term but whatever it is we need to address it. We have numerous CA's on our committee as well as many in the industry.

Thanks

Glen

Glen Todd

President & CEO

North American Thoroughbred Horse Company Inc.

[glen@nathc.ca](mailto:glen@nathc.ca)

Please do not forward this message without speaking to me first.

Please note that, save a notice to the contrary by the recipient or special circumstances, the use of e-mail is considered by the present users as an adequate means of communication, equivalent to regular mail. This e-mail message (including attachments, if any) is confidential and is intended only for the addressee. Any unauthorized use or disclosure is strictly prohibited. Disclosure of this e-mail to anyone other than the intended addressee does not constitute waiver of privilege. If you have received this communication in error, please notify us immediately and delete this. Thank you for your cooperation.

**Sturko, Derek HSD:EX**

---

**From:** Fair, Susan P HSD:EX  
**Sent:** Friday, February 19, 2010 1:45 PM  
**To:** Sturko, Derek HSD:EX  
**Subject:** call

John Bey asked if you could please call him at 250-295-3970 home or

s.22



Susan Fair  
Executive Administrative Assistant  
Gaming Policy and Enforcement  
Ministry of Housing and Social Development  
(250) 387-1301

Know your limit, play within it.

**Sturko, Derek HSD:EX**

---

**From:** Glen Todd [glen@pcb.ca]  
**Sent:** Friday, February 5, 2010 3:16 PM  
**To:** Sturko, Derek HSD:EX; mwoensdregl@gcgaming.com; glen@pcb.ca; George Morfitt; Curtis, Chris HSD:EX; Bill Boden; XT:Graydon, Micheal CAsE:IN  
**Cc:** Raj Mutti; Debra Peebles; lsordahl@nordahl.bc.ca  
**Subject:** Final Allocations I think Thoroughbred

s.21

Page 118 redacted for the following reason:

-----  
s.21



**Sturko, Derek HSD:EX**

---

**From:** Sturko, Derek HSD:EX  
**Sent:** Wednesday, February 3, 2010 4:53 PM  
**To:** 'boden.cwfrunds@gmail.com'; 's.22  
CASE:IN; 'mwomensdregt@gcgaming.com'  
**Cc:** Curtis, Chris HSD:EX  
**Subject:** Re: Friday's meeting  
'glen@pcb.ca'; XT.Graydon, Micheal

On Friday, we clearly need to present a united front re:

- \* the work we have done and the decisions
- \* the belief we have some great ideas that bode well for the mid to long term prospects for the industry
- \* the fact that, while 2010 still has difficulties, all parties are being asked to contribute to the achievement of a viable approach
- \* the fact that, while not every detail has been sorted out, this process has significant benefits compared to what previously existed
- \* the fact that some form of the MOA must be signed by all industry reps very shortly (this is not negotiable from government's perspective)

\* etc

Derek Sturko  
Sent from my BlackBerry

**Sturko, Derek HSD:EX**

---

**From:** Sturko, Derek HSD:EX  
**Sent:** Wednesday, February 3, 2010 3:31 PM  
**To:** boden.cwfunds@gmail.com; George Morfitt <sup>s.22</sup>; glen@pob.ca; XT.Graydon, Michael CASE:IN; mwensdregt@gcgaming.com; Sturko, Derek HSD:EX  
**Cc:** Curtis, Chris HSD:EX; McKinnon, Adam D HSD:EX; Fair, Susan P HSD:EX  
**Subject:** RUSH FOR COMMENTS - DRAFT PowerPoint Presentation for Friday's meeting  
**Importance:** High

Attached is a draft of the PowerPoint presentation I plan to use for Friday's meeting.

Please provide any comments ASAP.



(DS2) BCHARMC  
Summary to Indus..

Mike & George:

- There have been a number of discussions over the past three days to complete the allocations. This included a commitment by Government to resolve <sup>s.21</sup>
- Perhaps I could give you a quick overview of the current circumstances just before the meeting on Friday.

Derek Sturko  
ADM, Gaming Policy & Enforcement  
*Know your limit, play within it.*

Horse Racing Industry Financial Model: GCGC/TBC Financial Breakdown  
2008/2009  
Operators

	GCGC Forecast HE	GCGC P/B/Resat Fraser Downs	TBC/NA NA	Total
Money In	1,662,230	4,584,435	6,246,755	

50% Grants (11.5% of Prev. net)	1,662,230	4,584,435	6,246,755
Money Out (committee to allocate for 2010/11)			
50% Grants (11.5% of Prev. net)	1,662,230	4,584,435	6,246,755

see "Horse Pool and Breeder/Program Funding" in 148 Z.

CONFIDENTIAL



s.13 s.17, s.21

# Horse Racing Industry Financial Model: Allocations - Requested Funding

2010/11

Operators

GCGC Forecast HEI	GCGC Forecast Fraser Downs	ITBC/IVR	Shared Industry Costs	Total
Jan - Dec '10	Jan - Dec '10	Apr - Mar '11	Jan - Dec '10	

## Money In

None

None

Slot Grants (15.5% of Prov. net)	1,500,000	4,500,000	6,000,000
----------------------------------	-----------	-----------	-----------

## Money Out

Associations			
Slot Grants (15.5% of Prov. net)	(1,500,000)	(4,500,000)	(6,000,000)

see "Association Funding" for  
breakdown.

CTHS	HBPA	IHRA	HRBC	Media	Attnmt	Total
------	------	------	------	-------	--------	-------

CONFIDENTIAL

# Horse Racing Industry Financial Model: Allocations - Working Draft

2010/11

Operators

GCHC Forecast HEI Jan - Dec 10	GCHC Forecast Fraser Downs Jan - Dec 10	TBC/IVR Apr - Mar 11	Shared Industry Costs Jan - Dec 10	Total
--------------------------------------	-----------------------------------------------	-------------------------	------------------------------------------	-------

## Money In

Slot Grants (15.5% of Prov. net)	2,000,000	5,000,000	7,000,000
----------------------------------	-----------	-----------	-----------

## Money Out

Associations			
Slot Grants (15.5% of Prov. net)	(2,000,000)	(5,000,000)	(7,000,000)

see "Association Funding" for breakdown.

CTHS	HBPA	IHRA	IBRC	Media	Rtrmt	Total
------	------	------	------	-------	-------	-------

CONFIDENTIAL



**Sturko, Derek HSD:EX**

---

**From:** Sturko, Derek HSD:EX  
**Sent:** Wednesday, February 3, 2010 8:58 AM  
**To:** 'rtc@gov.bc.ca'  
**Subject:** Summary re: horse racing progress

s.13, s.17, s.21

**Importance:** High

As requested... a very high road summary of current circumstances with the management committee.

Derek

The committee is working very well together and making great progress. It seems to be getting the respect of the broader industry.

- For 2010, the committee is forecasting available revenue of
- For 2010, the total of all the amount requested by all industry organizations exceeded that amount by
- This is 51% greater than the expected amount of revenue.
- The following tentative allocations to industry have been made for 2010:
  - GCGC
  - TBC
  - T-bred
  - S-bred
  - Interior tracks
  - **Total**
- This is : too high at present

**Sturko, Derek HSD:EX**

---

**From:** Glen Todd [glen@pcb.ca]  
**Sent:** Saturday, January 30, 2010 4:36 AM  
**To:** Sturko, Derek HSD:EX; mwensdregt@gcgaming.com; glen@pcb.ca; George Morfitt; Curtis, Chris HSD:EX; Bill Boden; XT.Graydon; Micheal CAsE:IN  
**Subject:** HORSE RACING LEADERSHIP MESSAGE

01/29...HORSE RACING LEADERSHIP MESSAGE...

Some months ago, as the 2009 started to take shape, the four Presidents of the Thoroughbred and Standardbred Racing and Breeding Societies began informal monthly meetings to look at issues that were of common interest and concern ... As time and the GPB restructuring of the BC Horse Racing Industry has progressed, so has that alliance...those four society Presidents are now supported by their VP's and others to be "The Horse Racing Leadership Council of BC". Albeit an informal alliance, the HRLC is unencumbered by any pre-determined purposes or limitations and is united in it's commitment to cooperate together for the greater good of Horse Racing in BC, be it Thoroughbred or Standardbred Racing. No issue is sacred and to have the leaders of both racing codes sitting down together to address them can be nothing but positive for BC Racing. As the current Government moves to treat Horse Racing as a single industry in the province, the racing codes, themselves, are a stronger force for having united in this alliance to influence, as much as possible, the direction of the restructuring. Stay Tuned!.... 2010 may have some challenges, but the future is brightening!...BC Standardbreds

Glen Todd glen@pcb.ca

Please do not forward this message without speaking to me first. Please note that, save a notice to the contrary by the recipient or special circumstances, the use of e-mail is considered by the present users as an adequate means of communication, equivalent to regular mail. This e-mail message (including attachments, if any) is confidential and is intended only for the addressee. Any unauthorized use or disclosure is strictly prohibited. Disclosure of this e-mail to anyone other than the intended addressee does not constitute waiver of privilege. If you have received this communication in error, please notify us immediately and delete this. Thank you for your cooperation.

**Sturko, Derek HSD:EX**

---

**From:** Sturko, Derek HSD:EX  
**Sent:** Friday, January 29, 2010 6:07 PM  
**To:** s.22  
**Cc:** Curtis, Chris HSD:EX  
**Subject:** Re: Thoughts re H.R. Industry MoA

Thanks George.

Your options are not dissimilar to ones we've discussed internally.

I am reluctant to deviate from the full delegation of authority to the committee, but will muse about your words over the weekend.

Sorry you can't make the mtg. Your voice is always one of calm and reason!

Gave a great weekend!

Derek

Derek Sturko  
Sent from my BlackBerry

---

**From:** Morfit Desk s.22  
**To:** Sturko, Derek HSD:EX  
**Cc:** Curtis, Chris HSD:EX  
**Sent:** Fri Jan 29 15:02:40 2010  
**Subject:** Thoughts re H.R.Industry MoA

Hello Derek.

Chris has provided me with an update on what has taken place over the past week or so regarding the Industry Management Committee.

I personally have been pleased with the spirit of cooperation exhibited to date by the members of the Committee. Good discussion has taken place on a variety of issues, and there is the real potential of the Committee being able to successfully provide the strategic leadership so sorely needed by the horse racing industry in BC.

For example, it is very positive that some s.21 or so of potential industry operating cost savings has recently been identified.

Chris outlined for me the difficulty recently expressed by the Committee industry members, and in particular Great Canadian, in assigning to the Committee, through a Memorandum of Agreement (MoA), the authority to make strategic decisions binding on the industry partners. There are a variety of options that might be considered to address this difficulty, and here are my initial comments on several of them.

s.13

s.13

Unfortunately, I am unable to be at the meeting on Monday as I have a long-standing commitment to participate in a special strategic planning forum for the Office of the Auditor General. However, I trust my comments above will be of some assistance to you in your capacity as Committee Chair.

George

**Sturko, Derek HSD:EX**

---

**From:** Curtis, Chris HSD:EX  
**Sent:** Friday, January 29, 2010 3:50 PM  
**To:** Sturko, Derek HSD:EX  
**Cc:** Fair, Susan P HSD:EX  
**Subject:** Management Committee, Industry and the MoA

Derek, following are my thoughts on the horse racing Industry Memorandum of Agreement (MoA) situation currently facing the Management Committee.

s.13

On August 18, 2009 when the new financial model was tabled before the industry principals, industry had the opportunity at that meeting to identify its objections and concerns. Attendees suggested that they needed to table it before their respective Boards, Executives, etc. before acceptance. At the close of the meeting you requested that each group confirm their acceptance by September 15, 2009, which they all did.

I suggest that was the opportunity for industry organizations to express their reservations or objections which, if raised then, would have provided the Committee the opportunity to address these concerns at that time. Raising these concerns now and suggesting substantive changes to what has already been agreed to by the industry, at the point at which the Committee is faced with making imminent decisions on behalf of the industry, is neither reasonable nor supportable.

I would suggest therefore that:

- in order to provide industry an more informed basis upon which to sign the MoA, the Management Committee communicate to the industry the 2010 allocations and short, mid and long-term plans developed by the Committee immediately upon those determinations being made;
- the industry understand that it will be consulted and informed regarding planning and decisions being made on their behalf; and,
- the industry understand that the MoA be will be revisited after the first year.

Upon that basis I would suggest that:

- industry organizations sign the MoA; or,
- should any other accommodation be reached with industry, that such accommodation still provides the Committee the authority to make binding decisions on the industry and that all current agreements are replaced; and,
- if such agreement or accommodation not be forthcoming then, as a consequence of not have the authority and therefore capability to work on behalf of the industry, consideration be given to ending the Management Committee and the Revitalization Initiative in which case the industry will continue to manage



itself and government will review whether it wishes to continue its grant to horse racing under those circumstances.

While every effort should continue to be made to reach an understanding with industry, such accommodation should not inhibit the Committee from being able to do the work it was intended to do, or is required to do, to effect beneficial change for the industry.

Chris



**Sturko, Derek HSD:EX**

---

**From:** McKinnon, Adam D HSD:EX  
**Sent:** Tuesday, February 2, 2010 1:28 PM  
**To:** Curtis, Chris HSD:EX  
**Cc:** Sturko, Derek HSD:EX  
**Subject:** RE: Purse Clarification

To further clarify, the s.21 S-Bred figure we were referencing for 2009 remained unchanged. The information below simply changed how that s.21 was allocated by HRBC once it was received.

Adam

**From:** McKinnon, Adam D HSD:EX  
**Sent:** Tuesday, February 2, 2010 1:19 PM  
**To:** Curtis, Chris HSD:EX  
**Cc:** Sturko, Derek HSD:EX  
**Subject:** FW: Purse Clarification

Gentlemen:

I received this note from Rod earlier. To summarize, breeder and stakes funding for 2009 was s.21, up from the s.21 previously stated. The reason for this shift is due to a portion of S-Bred allocations being transferred directly to HRBC rather than through Fraser Downs, and therefore not recorded on any of GCGC's purse pool spreadsheets.

As a result of this s.21 modification, total spending from S-Bred in 2009 was s.21 not s.21 which decreased bank reserves of s.21

Adam

**From:** Rod Hare [mailto:rod.hare@harnessracingbc.com]  
**Sent:** Tuesday, February 2, 2010 11:56 AM  
**To:** McKinnon, Adam D HSD:EX  
**Subject:** RE: Purse Clarification

Hi Adam,

I have looked at this with Nav to confirm what I thought and it would appear that I was right. The s.21 of our slot revenue which goes to SISAP has not been going to FD for most of that period, but rather has been paid directly to our bank account. Therefore, the numbers below are after calculation of the wagering s.21 but do not include that s.21

From 1 Apr. '08 to Mar.30 '09 the total to Sisap from Slot revenue was s.21 Deposits of the SISAP portion of Slot Revenue started to be direct to us from July, '08 and no longer went through FD.

You should be aware that FD people are not always correct and often call on us to provide numbers for them when you ask.

Rod

**From:** McKinnon, Adam D HSD:EX [mailto:Adam.McKinnon@gov.bc.ca]  
**Sent:** Monday, February 01, 2010 4:17 PM

**To:** Rod Hare  
**Subject:** RE: Purse Clarification

Just to clarify, the numbers below are representing distributions **out** of the purse pool after the **s.21** figures have been calculated.

Thanks for looking into this, I appreciate it.  
Adam

**From:** Rod Hare [mailto:rod.hare@harnessracingbc.com]  
**Sent:** Monday, February 1, 2010 4:28 PM  
**To:** McKinnon, Adam D HSD:EX  
**Subject:** RE: Purse Clarification

Hi Adam,

If you look at the revenue figures at the top of what I sent, it looks to me that the figures you list include only the **s.21** from wagering, which FD would calculate for Sisap, but not the **s.21** of our Slot revenue which would go to SISAP (since it is **s.21** of our portion of slot revenue....nothing to do with FD). That would account for circa **s.21** plus other bits like interest income, etc. and would make the figure much closer... I will try to look into it deeper tomorrow.

Rod

**From:** McKinnon, Adam D HSD:EX [mailto:Adam.McKinnon@gov.bc.ca]  
**Sent:** Monday, February 01, 2010 4:00 PM  
**To:** Rod Hare  
**Cc:** Curtis, Chris HSD:EX  
**Subject:** RE: Purse Clarification

Thanks Rod – that is helpful. As a follow-up question, in part to reconcile the myriad of data sources I'm working with, I'm looking at the Orangeville Purse Pool Summary for 2008/09 and it provides the following breakdown:

#### SISAP

**s.21**

What is the information you've provided below telling me compared to the data above? I've been interpreting the above as the total contribution to SISAP, which is nearly **s.21** short when compared against the spreadsheet you've provided.

Thanks

Adam

**From:** Rod Hare [mailto:rod.hare@harnessracingbc.com]  
**Sent:** Monday, February 1, 2010 3:18 PM  
**To:** McKinnon, Adam D HSD:EX  
**Cc:** Curtis, Chrs HSD:EX  
**Subject:** RE: Purse Clarification

Hi Adam,

The bonus programs are simply a part of SISAP, just as the Stakes programs are. Again, please bear in mind that we do not work on a calendar year. The SISAP program is funded by s.21 of the slot revenue accruing to the Standardbreds, plus s.21 of all wagering.

In addition to the Stakes programs run within SISAP, there was s.21 paid out in the bonus programs, being s.21 for the BC Bred Bonus and s.21 for the Broodmare Bonus, as well as funds paid out for their share of operations, Breeders Classic day and audit, etc. Hopefully the below excel chart gives you a better picture, at least for our split year.

I can't give you a calendar year, but here is what we have recorded as budget and actual for the 08-09 year split year that we work on for SISAP:

s.21

s.21

Rod

**From:** McKinnon, Adam D HSD:EX [mailto:Adam.McKinnon@gov.bc.ca]  
**Sent:** Monday, February 01, 2010 2:27 PM  
**To:** Rod Hare  
**Cc:** Curtis, Chris HSD:EX  
**Subject:** RE: Purse Clarification

Hi Rod

During a meeting with Bill Boden this morning, and in clarification to the first sentence of your e-mail below, Bill had mentioned that for 2009 there was distributed for Stakes as well as distributed for Breeder programs, both in addition to the allocated for Purses.

Now I understand that the 2009 numbers reflect neither a typical year nor the amount necessary to fund the Standardbred sector, however as this is the most recent information available I'd like to use it to clarify the above statement.

For 2009, I can see that was available to Fraser Downs of which went to SISAP and went to purses. Where would I be able to see the distributed strictly for Breeder programs and where this funding came from?

s.21

Thanks  
Adam

**From:** Rod Hare [mailto:rod.hare@harnessracingbc.com]  
**Sent:** Monday, January 25, 2010 2:25 PM  
**To:** McKinnon, Adam D HSD:EX  
**Cc:** Curtis, Chris HSD:EX  
**Subject:** RE: Purse Clarification

Hi Adam,

Firstly, let me note that the BC Bred and Mare Bonus programs, which are ongoing, amount to just over for last year, so the **Breeder programs total circa** and not the , I believe it was, that you had down for just the Stakes programs. But I assume that you now know that.

To answer your question, I will assume you mean for calendar year 2009 and that you are not talking total revenue. But I will try to explain why the cash inflows and outflows don't match in terms of timing. It's easy to see the operations of the Thoroughbred programs because each year is discrete, but our season runs from September in one year until June of the following year...in this case from September 2009 until June 2010...that's the first thing.

Secondly, please remember that we were in difficulty with the purse pool going into 2009, thanks to Orangeville's management and that projected deficit Unlike our Thoroughbred counterparts, we have always concerned ourselves about solvency and we reduced the purse structure dramatically in early 2009 in order to mitigate against the projected deficit by the end of our Race Meeting in June. Therefore, some of the 2009 income went to eliminate a short position actually incurred in 2008. But, you also already know that.

From approximately end of June when our Race Meeting ends until about mid-September when we start the new season, we do not pay anything out because we are not racing, the breeding season is long since over and the BC Bred and Mare Bonuses have been paid out for that year. (May).

Therefore, over the summer, we build up a bank balance in preparation for the upcoming race season starting in the fall. We then manage those funds closely so that the cash reserve built up will see us through to the end of the Race Meeting in June (2010 in this case).

There are a number of reasons that we need to manage that cash over the race season, (Sept. to June)....firstly, from the Racing perspective, there is a monthly deficit of purses paid vs. wagering revenue, which deficit is eliminated monthly from that cash. We do this so that we remain solvent and are not indebted to Orangeville. Our goal is to breakeven by end of the meet in June.

Secondly, some 80% of the open stakes races (9 of 11) are held from January to June, not in the fall, so about of the used from the purse pool for Open Stakes Races, in accordance with the Horse racing Agreement with



Orangeville, has to be made up in the new year. We are careful to try to make sure we have enough cash to make up these "extra" purse costs....again this is just managing the aforementioned monthly deficit of income versus purses paid out.

Then, from the breeders perspective, they also both hold and accumulate a great deal of their funds until the second half of the Race season....firstly, as noted above, the circa s.21 in Breeders Bonuses is paid out in May and is based on income. Secondly, the Breeders Closed Stakes Programs for BC Bred Horses, that is the 3 and 4 year old Stallion Stakes, are run in April and May. They therefore are still holding some money earned in 2009.

As a consequence of all that, we had circa s.21 in the bank, s.21 as at December 31<sup>st</sup>, 2009, which is to be spent/paid out by June. We were not in that position at the start of 2009, thanks to Orangeville not managing the purse pool as prudently in the fall of 2008. All that is why we took over authority for the size of the overnight purse pool last spring. The pool funds are still managed and paid out by Orangeville, but the slot revenue comes directly to us, along with the Thoroughbred repayment of debt. It is from this that we can build up some cash reserve over summer and can try to keep the overnight purse pool solvent.

I hope that all makes sense. Had the Thoroughbred sector been proactive in monitoring cash levels, they would not have been in deficit so badly, yet again, but in fairness to them, they seem to have relied on Hastings and I don't believe they have had the day-to-day management structure in place. One way or the other, it is important that the T'Breds pay out what they can afford rather than what they want.

This may sound crazy, but I think, off the record, that if this office managed their day-to-day business, they would be in a better position than they have been and there would be some overall administrative savings....just a thought!

Rod

**From:** McKinnon, Adam D HSD:EX [mailto:Adam.McKinnon@gov.bc.ca]  
**Sent:** Monday, January 25, 2010 9:46 AM  
**To:** Rod Hare  
**Subject:** Purse Clarification

Hi Rod

According to wagering proceeds earned last year, the Standardbred industry would have received approximately s.21 for purse pool and breeder program funding. Of that s.21 was spent (for the various reasons we've discussed).

Where does the remaining s.21 go?

Thanks

**Adam McKinnon, BCOM**

Manager, Financial Strategies

Business Services

Phone: 250.387.2133

Fax: 250.356.8237





**Sturko, Derek HSD:EX**

---

**From:** Glen Todd [glen@pcb.ca]  
**Sent:** Tuesday, February 2, 2010 2:30 PM  
**To:** Curtis, Chris HSD:EX  
**Cc:** Sturko, Derek HSD:EX  
**Subject:** Revised allocation Hastings Feb 2 Income-Expense.xls  
**Attachments:** Hastings Jan 24 Income-Expense.xls

Please find attached changes to income and expense of purse pool as of this morning as agreed to put back in <sup>s.21</sup> for Shipping Fees to attempt to get some new owners and trainers. Please make changes for the meeting for Friday.

Glen



# AGENDA

1. Memorandum of Agreement Signoff - (Attached, no changes)
2. Outcome from two GCGC operational cost reduction meetings – Hastings and Fraser Downs – (Attached)
3. Allocations (2010) – (Attached, minor updates, as below)
4. Meeting with industry principals regarding allocations and longer-term options
5. Changes to current industry agreements - industry side deals
6. Submissions to Committee:
  - Horse Racing Leadership Council of BC, addressing:
    - implementation of a management review of TBC
    - MoA – obtaining a legal opinion
    - GCGC ancillary costs
    - allocation split between breeds

s.21

LC

Submissions

independent mktg.

Mikes  
5000  
1200  
2000  
1100

Pages 141 through 143 redacted for the following reasons:  
-----  
s. 21

Horse Racing Industry Financial Model: GCGC/TBC Financial Breakdown

2018/2019

Operators

GCGC/EquiCast HE	GCGC/Breeding Fries/Doms	TBC/USP TBC
---------------------	-----------------------------	----------------

Money In

Sod Grants (1% 5% of Prev. net)	1,662,230	4,584,435	6,246,751
---------------------------------	-----------	-----------	-----------

Money Out (committee to allocate for 2010/11)

Sod Grants (1% 5% of Prev. net)	1,662,230	4,584,435	6,246,751
---------------------------------	-----------	-----------	-----------

see "Horse Pool and Breeder Program Funding" in Tab 2.

S.21

CONFIDENTIAL



