



John Blakney
Executive Director and CEO
Ontario Racing Commission
Suite 400
10 Carlson Court
Toronto, ON
M9W 6L2

March 1, 2011

Dear Mr. Blakney:

As per your February 16 letter (Re: Amended Terms and Conditions of 2011 Licence issued for Flamboro Downs) in which you ordered Flamboro Downs to submit an application for the re-direction of horsepeople's purse account funds, presumably from Georgian Downs, I write to make said application.

Attached, please find detailed purse account budgets for both Flamboro Downs and Georgian Downs for 2011. These budgets contain reasonable estimates of both revenue and expense items flowing to and from the purse pools on a month-by-month basis. The following assumptions and general understandings apply to the budgets:

Flamboro Downs

- Slot figures represent 2010 actuals.
- Total mutuel commissions from February-December are netted within the row titled "Live racing – on track". These figures represent 2010 actuals, with the exception of the October figure, which has been adjusted to account for the departure of live racing.
- The reported January figures are 2011 actuals.
- Stakes commitments as presented are under-stated. Flamboro Downs and OHHA are working to create a number of additional overnight stakes events. The total impact to the purse pool will be \$200,000 or less.
- The monthly "FDL Purses paid" figure assumes a purse per card total of \$55,000 in February, rising to \$75,000 per card as of March 1.
- The year-end forecasted surplus of \$913K is insufficient to carry the purse pool through the early months of 2012.

Georgian Downs

- Slot figures represent 2010 actuals.
- Total mutuel commissions from February-December are netted within the row titled "Live and simulcast". These figures represent 2010 actuals.
- The reported January figures are 2011 actuals.
- Stakes commitments as presented are under-stated. Georgian Downs and OHHA are working to create a number of additional overnight stakes events. The total impact to the purse pool is unknown at this time, but it is expected to be substantial.
- The monthly "GDL Purses paid" figure assumes a purse per card figure of \$85,000 for the entire meet.
- The year-end forecasted surplus of \$3,469K represents a severe underpayment.

It should be noted that the purse pools of Flamboro and Georgian have traditionally been operated very differently. For example, in recent years Georgian has targeted a year-end balance of roughly \$500K, while Flamboro requires significantly more fluidity to support its racing calendar. Despite its 2010 targets, Georgian ended the year with a surplus of nearly \$1.5-million – due primarily to a lower-than-anticipated daily purse distribution through Q3 and Q4.

So as to bring Flamboro to the mid-point of the Ontario Racing Program's Signature classification, Flamboro hereby seeks permission to redirect \$1-million from the Georgian Downs purse pool prior to May 1, 2011. This redirection of horsepeople's purse funds will allow Flamboro to maintain a purse level of \$75,000 per card on a go-forward basis beginning March 1, 2011. Such a transfer will provide Flamboro with the year-end surplus required to service the race dates it anticipates being allocated in Q1 2012.

Flamboro Downs anticipates that the referenced increase in daily purses will allow the track to card 12 full races per day at a quality level that exceeds its current offering.

In the inverse, under the Ontario Racing Program, Georgian Downs will experience a decrease of 23% in budgeted purse per card. Both the track and OHHA believe that this decrease will have a deleterious effect on the track's horse supply. Whereas Georgian Downs was able to overcome its geographical challenges with purses per card in the \$100K-\$110K range, it anticipates that horsemen will seek closer-to-home racing opportunities at an \$85,000 per day purse level. As has been demonstrated to the Commission in each of the last two years, less than 23% of the horses that race at Georgian Downs are stabled within a 50 km radius of the track. In short, both the track and OHHA wish to flag their concern that the program may marginalize Georgian Downs' ability to attract the high quality horses that its customers have become accustomed to.

To mitigate this risk, OHHA has proposed and the track has agreed to apply for a purse pool payment of \$200 to any horse that fails to earn purse money in a non added-money event at Georgian Downs. Also, as mentioned above, the track and OHHA continue to work toward the augmentation of the existing Georgian Downs stakes schedule. Even with a \$1-million transfer of purse funds to Flamboro Downs, Georgian forecasts a year-end surplus of nearly \$2.5-million. The track will monitor the effects of its prescribed purse decrease and report its findings to the ORC's monitoring group when appropriate.

Please do not hesitate to contact me should you wish to discuss the contents of this application.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chris Roberts', with a stylized, flowing script.

Chris Roberts
Director, Racing Operations – Ontario
Great Canadian Gaming Corp.
(905) 627 3561 ext. 219