

NORTHERN HORSEMEN'S ASSOCIATION

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April 3, 2011

Wendy

From the March 29th meeting and then with further discussion with you, it was 'clarified' with Bob that if we had a variance of \$55 000, that was a cap. We could have achieved this in a satisfactory manner by reducing our purses by \$3400 if it were possible to exceed the cap after race nights when we race for below that average or nights in which there are added money events. All of the figures we sent to the Implementation and Monitoring Group were based on yearly averages. It is difficult to see how a finite cap will ever work unless the cap is so high it exceeds the intent of the Framework Guidelines. It must be an average.

We must maintain our purse level for the following reasons

- to ensure local horsemen (owners and trainers) a return on their investment if they are going to build a stable of horses
- to continue to make viable and encourage out of town trainers to race at Sudbury taking into account the minimum 5 hour drive
- the trainers who did relocate to Sudbury for the race season must have purses to justify the move
- out of town owners will not send horses to trainers in Sudbury if the purses cannot cover the training cost

It is anticipated that low purses will result in a low horse population which is self defeating.

In addition, the effect of the closure of the barns has yet to be determined. There is of course the real possibility of a shortage of horses, particularly in April and May. This will result in less races which results in less purses which results in the underpayment we are trying to avoid.

The NHA proposed several methods to try to comply with the Guidelines

- a reduction of purses by about \$300 a race (\$3400 a night) to reduce the average
- adjustments to our added money events to reduce the average
- special race nights (full card) of added money races to reduce the average

Again, it is not possible to operate under a 'cap' of \$55 000. We must be able to race for

more on occasion.

Therefore, we would like the Implementation and Monitoring Group to consider a Variance to \$60 000.

It is understood that this will only be used on occasion as stated above and that we feel that we can easily meet a variance at \$55 000 on most nights. This also takes in to account the hitching fee presently being piloted.

**Respectfully submitted
Cheryl Danyluk**

Hoogeveen, Wendy (ORC)

From: [REDACTED]
Sent: March 23, 2011 2:28 PM
To: Lehman, Steven (ORC); Fines, Bill (ORC); Wilson, Mike (ORC); Hoogeveen, Wendy (ORC)
Subject: Proposed Sudbury Downs Purse Structure

**Purse Pool Structure
At Sudbury Downs**

Fed Nor Development Corporation, Northern Mines and Development, Sudbury Regional Development Corporation, all of these organizations are based in Sudbury.

They were created by the federal, provincial, and municipal governments who recognized that Northern Ontario faces unique challenges in economic development, due to its geographic isolation, sparse population, distance from major markets, and increased costs of doing business in the North.

It is a generally accepted fact that developing and operating an ongoing business in Northern Ontario can run between 15 to 35% more than operating in Southern Ontario.
The further North you go the higher the costs.

The various development corporations provide seed money for new business development and annual operating grants to insure companies in the North can be cost competitive with their southern counterparts.

Horsemen in Northern Ontario face these same sorts of increased costs of doing business in the North.

A simple example of this is the current difference in the price of diesel fuel between Northern Ontario and Southern Ontario. At present we are paying \$1.34 per litre in Sudbury and in Campbellville it is \$1.14 per litre.

An exacerbating factor this year, which will lead to a further increase in cost of racing in the North is the closure of the stabling area at Sudbury Downs. Horsemen will have to make substantial capital investments in developing barns, stabling, and training tracks they once had access to. It will also be difficult to secure capital to build given the uncertainty of the purse structure and with only a one-year racing contract in place with Sudbury Downs.

We feel that the Commission, through its IM Group should take into consideration the established practice of the federal, provincial, and municipal governments of recognizing the increased costs of operating a business in Northern Ontario.

We feel that adjusting the daily purse pool by 25% should reflect this recognition. The 25% figure is the median between 15% and 35% that the development corporations use in factoring costs in the North. The 25% for the Sudbury area would be fairly accurate given its geographic location, versus say Thunder Bay, which would be at the higher end of the scale.

We would suggest that the daily purse pools be:
Grass Roots Level
Minimum \$50,000 to Maximum \$62,500

These amounts would not include added money events and stakes.

The IM Group has taken on a difficult task to try and implement positive changes for our industry. We thank them for their ongoing efforts and look forward to further consultations as we fine-tune and make the necessary adjustments.

Thanks for your consideration.

Paul MacLean

NHA Director, representing our association.

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March 22, 2011

Wendy

Please accept the following information and requests from the Northern Horsemen's Association and present them to the Implementation and Monitoring Group for consideration.

Attached you will find,

1. A Summary which shows our 2010 Average Race Day Purse to be ~ \$56 422
2. Four (4) Proposals for Consideration
 1. A Variance of the Grassroots Purse Structure
 2. The Elimination of \$3000 - \$4000 Claiming Races
 3. The Implementation of a Hitching Fee
 - or
 4. The Implementation of a Guaranteed Starter Program
3. A list of 2010 Added Money / Series Events - and their effect on the Purse Account (2 pages)
4. A Summary of 2010 Races - Conditions / # Times Raced / Purse Offered (3 pages)

In addition I am attaching a letter addressed to Mr. Blakney (February 22) that asks for consideration by the Racing Commission to 'encourage' Sudbury Downs to offer stabling at the existing facilities at Sudbury Downs for a reasonable time and at a reasonable rate. Be clear that we are not suggesting that the cost of this operating this training centre come from the Purse Account.

Thank you for your attention to this matter.

Cheryl Danyluk
for Robert Bodkin

c.c. Kerry Wright, Bill Fines

SUMMARY

Purses Paid Out in 2010	\$ 4 403 901
Purses Paid Out - Added Money Events / Series	\$ 622 300
Overnight Purses (\$4 403 901 - \$622 300)	\$ 3 781 601
2010 Race Night Average (\$3 781 601 ÷ 67)	\$ 56 442

PROPOSALS FOR USE OF PURSE MONEY

Facts -

1. 2010 Race Average - 11.5 races per race night
2. 2010 Average Horses per Race - 8
3. Number of Horses per Race Night (11.5 x 8) - 92
4. 2011 Race Nights - 66
5. Proposed Hitching Fee -(2.5 % of lowest purse (\$3000)) - \$ 75

Underpayment 2010 - ~ \$400 000

* only \$89 000 was and underpayment in 2010
~ \$300 000 was a carry over from 2009

1. A VARIANCE of the Grassroots Basic Purse Structure

- See Attached Summary of 2010 Conditions / # Times Raced / Purse Offered

In 2010 Sudbury Downs offered an average Race Day purse of ~ \$ 56 442 once the Added Money and Series Events had been factored out. The availability of Purse money in 2011 suggests that a similar Purse average could be maintained with a slight variance to the guiding principles of the Framework. This would allow an increase of the race day cap that would let the Race Secretary write conditions to fit the horse population and thereby fill a race card. Many horsemen have a stable that was established in 2010 and would be financially disadvantaged if their horses would not be able to race at Sudbury. Over the course of 2011, horses could be purchased to fit the race classes written and sold if the class was seldom offered.

By looking at the lengthy list of Conditions attached, it can be seen that our Race Secretary did an admirable job of adjusting the Conditions and Purses Offered to accommodate the horses available. In Sudbury, horses do not fit the Condition Sheet, the Condition Sheet fits the horses available.

A list of Added Money / Series Events shows a good distribution through the horse population and a special Invitational race for top class out of town horses. At this time we do not see the need for more of these races, although additional qualifying nights could be added to the more popular Series (Pot O Gold, Baby Boomers, etc.).

2. ELIMINATION of \$3000 - \$4000 Claiming Races

The bottom claimer has to be kept in line with other tracks in the province to protect our horse population.

3. IMPLEMENTATION OF HITCHING FEE (if Approved)

Number of Horses per Night Eligible for Hitching Fee

$$92 - (11.5 \times 5) = 92 - 57 = 35 \text{ horses each night}$$

Total Cost

$$35 \text{ (horses)} \times 66 \text{ (days)} \times \$75 \text{ (hitching fee)} = \$ 173 \text{ 250}$$

(Using 2010 Purse Figures as a Base)

Purse Money Remaining After Deduction of Hitching Fee Cost

$$\begin{aligned} \$3 \text{ 781 601 (overnight purse money)} &- \$173 \text{ 250 (Cost of Hitching Fee)} \\ &= \$ 3 \text{ 608 351} \end{aligned}$$

New Race Night Average

$$\$ 3 \text{ 608 351} \div 66 = \$ 54 \text{ 672}$$

4. IMPLEMENTATION OF GUARANTEED STARTER PROGRAM (if approved)

Number of Horses per Night Eligible for Guaranteed Starter Program
- 92

Total Cost
92 (horses) x 66 (Race Days) x \$50 (rate per horse)
= \$ 303 600

Purse Money Remaining After Deduction of Guaranteed Starter Program Cost
\$3 781 601 (overnight purse money) - \$ 303 600 (Cost of Starter Program)
= \$ 3 478 001

New Race Night Average
\$ 3 478 001 ÷ 66 = \$ 52 697

ADDED MONEY EVENTS / SERIES

POT O GOLD - \$4500 Claiming Series

TOTAL PURSE

5 legs @ 4500	\$ 22 500	
3 legs @ 4500	\$ 13 500	
Final	\$ 25 000	\$ 61 000

BABY BOOMER - Maidens

6 legs @ 6500	\$ 39 000	
4 Legs @ 6500	\$ 26 000	
Final	\$ 22 200	\$ 87 200

THUNDER TROT - \$9000 Claiming Series

2 legs @ 7000	\$ 14 000	
1 leg @ 7000	\$ 7000	
Final	\$ 15 700	\$ 36 700

JUGGERNAUT - N/W 2 / \$20 000 Life

3 legs @ 7500	\$ 22 500	
3 legs @ 7500	\$ 22 500	
Final	\$ 20 700	\$ 65 700

YOUNG GUNS - N/W 3 / \$40 000 Life

2 legs @ 8500	\$ 17 000	
2 legs @ 8500	\$ 17 000	
Final	\$ 23 300	\$ 57 300

GREATER CITY OF SUDBURY PACE - Invitational

2 eliminations @ 22 100	\$ 44 200	
Final	\$ 75 000	\$ 119 200

LATE BLOOMER - N/W 1 / \$15 000 Life

4 legs @ 7500	\$ 30 000	
3 legs @ 7500	\$ 22 000	
Final	\$ 18 000	\$ 70 500

CHAMPION TROT - \$5000 Claiming Series

2 legs @ 15 000	\$ 30 000	
2 legs @ 15 000	\$ 30 000	
Final	\$ 33 000	\$ 93 000

ICEMAN TROT - \$5000 Claimers

2 legs @ 5000	\$ 10 000	
2 legs @ 5000	\$ 10 000	
Final	\$ 11 700	\$ 31 700