

Memorandum of the Regular Meeting of the
Indiana Horse Racing Commission

December 6, 2021

Indiana Grand Racing & Casino
2nd Floor Clubhouse
4300 North Michigan Road
Shelbyville, IN 46176

Commission members present: Philip C. Borst, Chairman; George Pillow (via telephone and in person), member; William McCarty (via telephone), member; and Bill Estes, member.

Commission Staff members present: Deena Pitman, IHRC Executive Director; Noah Jackson, IHRC General Counsel; Jessica Barnes, IHRC Director of Racing & Breed Development, Dale Lee Pennycuff, IHRC Counsel; and Tom Linkmeyer, IHRC Assistant Executive Director.

Speakers from the audience: Brian Elmore, Executive Director of the Indiana Horsemen's Benevolent Protective Association; Paul Martin, President of the Quarter Horse Racing Association of Indiana; Tom Mosley, President of the Indiana Thoroughbred Owners and Breeders Association; Joe Putnam, President of the Indiana Standardbred Association; Joe Morris, Caesars SVP of Racing; Tom Reeg, CEO of Caesars Entertainment; Steve Jarmuz, General Manager of Horseshoe Indianapolis; Rick Moore, VP and GM of Racing Harrah's Hoosier Park; Emily Gaskin, Race Marketing at Harrah's Hoosier Park; Tammy Knox, Race Marketing Manager at Horseshoe Indianapolis; Alicia Mummert, Senior Marketing Manager at Horseshoe Indianapolis; Nate Holobowski, Community Relations at Harrah's Hoosier Park.

I. Call to Order

Chairman Borst called the meeting to order at approximately 10:00 a.m. A quorum was present.

II. Approval of Memorandum from the October 19, 2021, meeting and Executive Session Memoranda. Approval of July 15, 2021, Executive Session Memoranda.

Chairman Borst asked for a motion for approval of the Executive Session memorandum from the July 15, 2021, Commission Meeting, and the memorandum and the Executive Session memorandum from the October 19, 2021, Commission Meeting. Commissioner Estes moved to approve. Commissioner McCarty seconded. The vote, by roll call, was unanimous, 4-0, in favor of approval.

III. Agenda

Note: All items on the agenda were transcribed by a court reporter from Stewart Richardson. Transcripts are available at www.in.gov/hrc.

1. Consideration of Settlement Agreement between Indiana Horse Racing Commission Staff and Fernando Cesar De La Cruz.

General Counsel Noah Jackson ("Mr. Jackson") presented the settlement agreement.

Hearing no questions from the Commissioners, Chairman Borst asked for a motion and second. Commissioner Estes moved for approval. Commissioner McCarty seconded. The vote, by roll call, was unanimous, 4-0, in favor of approval of the settlement agreement. *See* IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf

2. Hearing on 2022 Renewal Application of Indiana Horsemen's Benevolent & Protective Association for Approval as a Registered Horsemen's Association pursuant to 71 IAC13-1-1 et seq. (pursuant to Notice of Hearing and Pre-Hearing Order issued on or about November 19, 2021).

Mr. Jackson noted pursuant to Ind. Code § 4-35-7-12 each year the Commission considers applications from horsemen's associations to be recognized to receive a portion of funds under the distribution agreement. An applicant must submit an application to the Commission no later than September 1st. The Commission reviews the application to determine if approval of the horsemen's association's application is in the best interest of horse racing.

Brian Elmore ("Mr. Elmore"), Executive Director, presented the application for the Indiana Horsemen's Benevolent Protective Association ("IHBPA"). Mr. Elmore covered the IHBPA's membership numbers; efforts to promote, develop, and improve horse racing in Indiana; detailed information on how the IHBPA supports its members over the year; support for charities; etc.

Hearing no questions, Chairman Borst asked for a motion and second. Commissioner Estes moved for approval. Commissioner McCarty seconded. The vote, by roll call, was unanimous, 4-0, in favor of approval of the IHBPA's application. *See* IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf

3. Hearing on 2022 Renewal Application of Quarter Horse Racing Association of Indiana for Approval as a Registered Horsemen's Association pursuant to 71 IAC 13-1-1 et seq. (pursuant to Notice of Hearing and Pre-Hearing Order issued on or about November 19, 2021).

Paul Martin ("Mr. Martin"), President, presented for the Quarter Horse Racing Association of Indiana ("QHRAI"). Mr. Martin covered the QHRAI's mission statement, its 2021 success stories, Indiana Champions Day, services provided to its members, the annual QHRAI speed sale, and, in conjunction with Indiana Grand, hosting the 2022 AQHA Challenge event.

Hearing no Commission, Commission Staff, or interested party questions, Chairman Borst asked for a motion to approve. Commissioner Estes moved to approve. Commissioner Pillow seconded the motion. The vote, by roll call, was unanimous, 4-0, in favor of approval of the QHRAI's application. *See* IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf

4. Hearing on 2022 Renewal Application of Indiana Thoroughbred Owners and Breeders Association for Approval as a Registered Horsemen's Association pursuant to 71 IAC 13-1-1 et seq. (pursuant to Notice of Hearing and Pre-Hearing Order issued on or about November 19, 2021).

Tom Mosley ("Mr. Mosley"), President, presented for the Indiana Thoroughbred Owners and Breeders Association ("ITOBA"). Mr. Mosley covered the cross-section of members that make up ITOBA, their purpose to encourage the growth of the Indiana bred and sired horses, economic impacts of ITOBA's members, their text communication system, increasing the award for several stakes races for 2022, ITOBA's 2022 sale, scholarships, etc.

Director Pitman asked Mr. Mosley to clarify where the stakes money would be coming from. ITOBA is putting \$100,000.00 of Advance Deposit Wagering ("ADW") funds into the open purse, based on approval of their request.

Hearing no Commission or interested party questions, Chairman Borst asked for a motion and a second to approve. Commissioner Estes moved to approve. Commissioner Pillow seconded the motion. The vote, by roll call, was unanimous, 5-0, in favor of approval of ITOBA's application. See IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf

5. Hearing on 2022 Renewal Application of Indiana Standardbred Association for Approval as a Registered Horsemen's Association pursuant to 71 IAC 13-1-1 et seq. (pursuant to Amended Notice of Hearing and Pre-Hearing Order issued on or about November 29, 2021).

Joe Putnam ("Mr. Putnam"), President, presented for the Indiana Standardbred Association ("ISA"). Mr. Putnam covered that ISA represents over one thousand (1,000) members, completed the longest Standardbred meet in Indiana in 2021 with a record handle, the benefits ISA provides its members, pursuing the Breeders Crown in 2023, Standardbred aftercare, ISA's intent to hire an Executive Director, winter training, and their horse sales.

Hearing no questions, Chairman Borst asked for a motion and a second to approve. Commissioner McCarty moved to approve. Commissioner Estes seconded the motion. The vote, by roll call, was unanimous, 4-0, in favor of approval of the ISA application. See IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf

6. Consideration of Caesars 2022 Operational Plan as required by the Commission's **Permit Transfer Final Order** dated July 15, 2020.

Joe Morris ("Mr. Morris"), Caesars SVP of Racing, introduced Tom Reeg ("Mr. Reeg"), CEO, Caesars Entertainment. Mr. Reeg covered that 2021 was a very strong year for Caesars Entertainment with revenue growth in the double digits, the uncertainty of 2021 caused a delay in the expansion at Harrah's Hoosier Park until 2022, the expansion at Indiana Grand is due to open in January, cash flow improvements, and future investment in digital projects. Commissioner Pillow asked Mr. Reeg how about the Sportsbook operation. Mr. Reeg stated it is growing quickly and the new app is state of the art and competitive with what else is out there. Commissioner Pillow asked if what property was going to be sold on the Vegas strip was public knowledge. Mr. Reeg stated it was not.

Steve Jarmuz ("Mr. Jarmuz"), General Manager at Indiana Grand, covered that the Winner's Circle in the casino is going to become a Brew Brothers Sportsbook combo in early 2022 and a seven-day-a-week simulcast operation on the first-floor clubhouse in the same timeframe. Executive Director Deena Pitman ("Director Pitman") asked Mr. Jarmuz to explain what type of wagering platform will be available in the brew pub for handicappers. Mr. Jarmuz noted it would be not too dissimilar from what is used today. Director Pitman asked if they would show live racing on TV monitors. Mr. Jarmuz stated it would be based on demand of the large majority of people on the sports book. Director Pitman noted the opportunity for crossover play from Sportsbook to horse racing. Mr. Jarmuz noted crossover was common in books that offered both.

Mr. Morris discussed how the plan was developed and used internally. He introduced Rick Moore ("Mr. Moore"), Vice President and General Manager of Racing for Harrah's Hoosier Park. Mr. Moore covered the 2021 meet having a live on-track handle 8.5 percent higher than the last 160 day meet in 2019, the export handle was up 21.9 percent over 2019, the Dan Patch handle being up 42.9 percent over last year, the benefit of instant carryovers, the Empire of Hope fundraiser for aftercare, \$2 million in capital investments, nine (9) \$1 million handle nights, market promotions, changes in the race schedule, open stakes schedule, seeking permission to card 15 races, maintaining employment levels in a tough labor market, and winter training.

Emily Gaskin ("Ms. Gaskin"), Race Marketing at Harrah's Hoosier Park, covered their free live racing program, email program for racing oriented customers, redefining the racing VIP program in Caesar Rewards, VIP general manager meet and greet, promotions, community engagement events, intent to promote racing as a viable entertainment option, leveraging the racing product to non-racing guests, increasing

spend over 2019, and continue to invest in export handle. Chairman Borst asked about paid media going down for 2021. Ms. Gaskin noted it was a little soft because of the pandemic levels. Chairman Borst asked about the difference between the paid and sponsored media. Ms. Gaskin noted sponsored media would be like WISH TV.

Mr. Morris presented for Horseshoe Indianapolis (formerly known as Indiana Grand) and covered the handle for 2021 was approximately \$233 million, two-million-dollar Quarter Horse days, the use of the drone for race coverage, the new owners lounge, a new playground, Indiana Champions Day, and the intent to get more sponsors. Chairman Borst asked what someone gets for their sponsorship. Mr. Morris noted they received an ad in the program, they can put a 30-second ad on the simulcast show, different levels of signage, hospitality, and a graphics package. Mr. Morris noted they are going to do more guaranteed pools this year, have upgraded most tote machines, done significant work to the OTBs, trying to get more horses to compete, and continue building their big race days.

Tammy Knox (“Ms. Knox”), Race Marketing Manager at Horseshoe Indianapolis, covered they had 14 major events and 19 handicapping contests in 2021, expanded advertising, social media growth, they are sending four players to the National Horseplayers Championship, exotic animal racing, wiener dog racing, and various promotions.

Alicia Mummert (“Ms. Mummert”), Senior Marketing Manager at Horseshoe Indianapolis, covered they will have 12 Saturdays to provide a backdrop for promotions, the intent to repeat special events from 2021, hosting the 2022 Bank of America Challenge Championships, a Saturday National Horseplayers Championship qualifier in 2022, etc.

Nate Holobowski (“Mr. Holobowski”), Community Relations at Harrah’s Hoosier Park, covered both tracks have combined to contribute over \$955,000 in community-related donations and sponsorships in 2021, more than \$275,000 was spent in the city of Anderson, more than \$300,000 was spent in the city of Shelbyville, supported equine related causes, other local charities, and Caesars Entertainment Equine Specialty Hospital.

Chairmen Borst asked if all the contracts had been signed with the horsemen’s associations. Mr. Morris stated all were signed. Chairmen Borst asked if there were any Staff or Commissioner questions. There were none. Mr. Jackson stated that based on the information presented, a motion could be made to approve Agenda Items 6, 7, and 8.

Chairman Borst asked for a motion. Commissioner Estes moved to approve. Commissioner Pillow seconded the motion. The vote, by roll call, was unanimous, 4-0, in favor of approval for Agenda Items 6, 7, and 8. *See* IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf

7. Consideration and approval of Indiana Grand's (Centaur Acquisition, LLC) permit renewal application for 2022 in accordance with 71 IAC 11-1-21; and
 - a. Consideration and approval of the renewal of Indiana Grand's satellite facility license in **Clarksville** for 2022 in accordance with 71 IAC 12-1-23 and 71 IAC 12-1-10.

See Agenda Item 6.

8. Consideration and approval of Harrah's Hoosier Park permit renewal application for 2022 in accordance with 71 IAC 11-1-2; and
 - a. Consideration and approval of the renewal of Harrah's Hoosier Park satellite facility licenses in **New Haven** and **Indianapolis** for 2022 in accordance with 71 IAC 12-1-23 and 71 IAC 12-1-10.

See Agenda Item 6.

(A brief recess was taken at approximately 12:23 p.m. At this time Commission Pillow left the meeting.)

9. Review and consideration of the following Indiana Horse Racing Commission emergency rules.

Mr. Jackson stated the rules would be presented all as one and allow for comments at the end. Mr. Jackson noted the rules were sent to stakeholders and limited feedback was received. Most rules are housekeeping or changes from the Hoosier Park Judges. There are a few rules from the Indiana Grand Stewards. There were no Commissioner questions.

Jessica Barnes ("Ms. Barnes"), IHRC Director of Racing & Breed Development, covered the two (2) Thoroughbred breed development rules, the fact they went through the Thoroughbred Breed Development Advisory Committee ("Committee"), the rules were proposed to the Committee, the rules were discuss and input was received from ITOBA after an ITOBA horsemen's meeting, the pros and cons were weighed by the Committee, the Committee vote was unanimous, integrity can be maintained while enforcing the rule, and internal guidelines were developed to grant permission to leave.

Hearing no questions, Chairman Borst asked for a motion and a second to approve. Commissioner McCarty moved to approve. Commissioner Estes seconded the motion. The vote, by roll call, was unanimous, 3-0, in favor of approval of the IHRC emergency

rules. *See* IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf

10. Consideration of the advance deposit wagering (ADW) allocation request from the Indiana Standardbred Association (ISA).

Roger Young (“Mr. Young”), Attorney for the ISA, presented the request. Mr. Young noted when ADW funds first became available the ISA did not know the amount of the funds nor exactly how to best accomplish the statutory mandate to promote and encourage Indiana horsemen, Indiana horse owners, and horse trainers to participate at Indiana tracks. After study, the ISA’s proposal is to allocate their portion of ADW funds to Indiana sired races once breed development funds are exhausted.

Hearing no questions, Chairman Borst asked for a motion and a second to approve. Commissioner Estes moved to approve. Commissioner McCarty seconded the motion. The vote, by roll call, was unanimous, 3-0, in favor of approval of ISA’s request for allocation of ADW funds. *See* IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf

11. Consideration of the advance deposit wagering (ADW) allocation request from the Quarter Horse Racing Association of Indiana (QHRAI).

Chairmen Borst noted the QHRAI’s allocation request for ADW funds and asked if there was any further questions or testimony. Mr. Jackson noted that the QHRAI Board of Directors request that the IHRC authorize a distribution plan for ADW money to be earmarked for the 2022 AQHA Challenge Championship Day, with QHRAI asking for those funds to be devoted to the payment of purses for the AQHA Challenge races. Mr. Jackson recommended approval.

Commissioner Estes moved to approve. Commissioner McCarty seconded the motion. Hearing no questions, Chairmen Borst call for the vote. The vote, by roll call, was unanimous, 3-0, in favor of approval of QHRAI’s request for allocation of ADW funds. *See* IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf

12. Review and consideration of license renewal applications for 2022 Secondary Pari-Mutuel Organization (SPMO) for the following companies:
 - a. Churchill Downs Technology Initiatives Co (dba TwinSpires, Inc.);
 - b. Television Games Network (dba TVG Network/owned by FanDuel Group)
 - c. Premier Turf Club (dba BetPTC);
 - d. Xpressbet (subsidiary of Stronach Group Company);
 - e. AmWest Entertainment; and
 - f. New York Horse Racing Association (dba NYRA Bets)

Mr. Jackson noted each SPMO was licensed by the IHRC during 2021, and had submitted renewal applications which were determined substantially compliant with IHRC regulations. Daily wagering data from the SPMOs is reviewed under contract by the Thoroughbred Racing Protective Bureau with no identified significant issues, and each is audited yearly by the Oregon Racing Commission which is a foremost authority on ADW operations. Mr. Jackson, on behalf of Commission Staff, respectfully requested the approval of the renewals for Churchill Downs dba TwinSpires, TVG, AmWest Entertainment, Epressbet, Premier Turf Club, and the New York Racing Association dba NYRA Bets with a renewal term from January 1, 2022, through December 30, 2022, conditioned on the SPMO's continued willingness to cooperate and provide information to the Commission as requested.

Hearing no questions, Commissioner Estes moved to approve. Commissioner McCarty seconded the motion. Chairman Borst noted it had been moved and a seconded and called for the vote. The vote, by roll call, was unanimous, 3-0, in favor of approval of the SPMO's license renewal for 2022. *See IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf*

13. Review and consideration of Notice of Eighth Subsequent Term pertaining to the Initial Distribution Agreement.

Mr. Jackson detailed the history behind the Initial Distribution Agreement, initially created under Senate Enrolled Act 609. The purpose of the agreement is to discuss and propose the percentage of slot revenue that will be dedicated to horse racing. He explained that the initial agreement was reached in 2013 and included a provision that allowed for automatic renewal if no party objects to the agreement. The automatic renewal was set to occur on January 1, 2022, and would remain in effect for one year allowing for the horse racing industry to receive 12% of casino adjusted gross receipts. Mr. Jackson also pointed out that Caesars had agreed to the 12% through 2033 with subsequent continued renewal of the covenant through 2044 subject to commission approval.

Mr. Jackson, on behalf of Commission Staff, respectfully requested approval of the eighth subsequent renewal of the initial distribution agreement. Hearing no questions, Chairman Borst asked for a motion and a second to approve. Commissioner Estes moved for approval and Commissioner McCarty seconded the motion. The vote, by roll call, was unanimous, 3-0, in favor of approval. *See IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf*

14. Review of commission rulings – October 14, 2021 – November 28, 2021.

Chairman Borst asked if there were any questions on the Commission rulings. There were no questions.

15. Status update regarding 2022 breed development committee programs:

- a. Consideration and approval of Standardbred Breed Development 2022 program
- b. Status of 2022 Standardbred Advisory Board (county fair harness racing program)
- c. Status of 2022 Thoroughbred Breed Development
- d. Status of 2022 Quarter Horse Breed Development

Ms. Barnes presented status update regarding the 2022 breed development committee programs. Ms. Barnes covered the Standardbred Breed Development program, noting it is less dependent on purse track money, there were 400 yearlings sold at auction, the proposal has a strong sire stakes program, a strong overnight program, and the proposed increase of county fair purses from \$3,000.00 to \$3,500.00. Ms. Barnes requested approval of the Standardbred Breed Development program.

Hearing no questions, Chairman Borst asked for a motion and a second to approve. Commissioner Estes moved to approve. Commissioner McCarty seconded the motion. The vote, by roll call, was unanimous, 3-0, in favor of approval of the Standardbred Breed Development 2022 program. *See* IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf

Ms. Barnes noted the Standardbred Advisory Board primarily deals with county fairs, most fair programs are not set until early January, and they do not have a solid grasp of where they are going to be with those fair dates and the budget until the program is set in January.

Ms. Barnes noted the Quarter Horse and Thoroughbred Breed Development programs were still working with the racetracks to finalize those purse amounts for next year. Ms. Barnes requested, since the programs would likely have to be finalized before the next Commission meeting, the Commission to delegate to the Executive Director the ability to approve those three programs once completed. They would be brought back before the Commission to be codified.

Chairman Borst noted the delegation has been done in the past. Hearing no questions, Chairman Borst asked for a motion to delegate. Commissioner Estes moved to delegate. Commissioner McCarty seconded the motion. The vote, by roll call, was unanimous, 3-0, in favor of delegating authority to Director Pitman. *See* IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf

16. Review of Track and Equipment replacement schedule plan for 2022

Mr. Morris noted Harrah's Hoosier Park was staying with the equipment on the replacement schedule. However, Horseshoe Indianapolis would like to remove a couple of John Deere Gators and purchase rolling harrows due to winter training. Due to the price not yet determined, the Chairman Borst noted the motion would be to approve the equipment as requested and delegate authority to Director Pitman to approve any changes once finalized.

Commissioner Estes so moved. Commissioner McCarty seconded the motion. The vote, by roll call, was unanimous, 3-0, in favor of approval and delegating any changes to Director Pitman. *See* IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf

17. Review and consideration of Racing Capital Fund Committee expenditures approved and submitted by Fund committee members:
 - a. Indiana Grand Racetrack expenditures
 - b. Harrah's Hoosier Park expenditures

Mr. Morris presented for both Harrah's Hoosier Park and Horseshoe Indiana. Mr. Morris covered the Eurociser, the completion of the barn and the dorm, LED lighting in Barns 1 through 4, asphalt work, PA system, a new turf rail system, and potentially replacing the four-arm walkers at Horseshoe Indiana. Mr. Morris covered removing the request for a garbage truck and adding an asphalt project, getting a trash compactor, winterizing barns and completing the track lighting all at one time for Harrah's Hoosier Park.

Mr. Jackson noted the Final Order only requires Commission approval of any project from the Racing Capital Fund Committee that is over \$50,000.00. Commission Estes made the motion to approve the projects over \$50,000.00. Commissioner McCarty seconded. The vote, by roll call, was unanimous, 3-0, in favor of approval. *See* IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf

18. Racetrack winter training update:
 - a. Winter training plan from Indiana Grand Racetrack
 - b. Winter training plan from Harrah's Hoosier Park.

Since winter training had been covered in the previous agenda items, no further testimony was given.

Chairman Borst asked for a motion. Commissioner Estes moved to approve.

Commissioner McCarty seconded the motion. The vote, by roll call, was unanimous, 3-0, in favor of approval of Harrah's Hoosier Park's and Horseshoe Indianapolis's winter training. *See* IHRC Transcript 12/6/2021 at https://www.in.gov/hrc/files/120621-IHRC-Meeting_full_ex.pdf

III. Old Business

There was no old business.

IV. New Business

There was no new business.

V. Adjournment

The meeting was adjourned at approximately 1:15 p.m.

DRAFT