

Memorandum of the Regular Meeting of the
Indiana Horse Racing Commission

December 10, 2020

Indiana Grand Racing & Casino
2nd Floor Clubhouse
4300 N. Michigan Rd.
Shelbyville, IN 46176

Commission members present: Philip C. Borst, Chairman; Greg Schenkel (by Zoom virtual), Vice Chairman; George Pillow (by Zoom virtual), member; William McCarty (by Zoom virtual), member, and Bill Estes, member.

Commission Staff members present: Deena Pitman, IHRC Executive Director; Tom Linkmeyer, IHRC Deputy Director; Noah Jackson, IHRC General Counsel; Jessica Barnes, IHRC Breed Development Director; Wendi Samuelson-Dull, IHRC Controller.

Speakers from the audience: Brian Elmore, Executive Director Indiana Horsemen's Benevolent & Protective Association; Paul Martin, President Quarter Horse Racing Association of Indiana; Leigh Ann Hopper, Executive Secretary, Indiana Thoroughbred Owners and Breeders Association; Joe Putnam, President Indiana Standardbred Association; Joe Morris, Caesars SVP of Racing, Eric Halstrom VP and GM of Racing Indiana Grand; Tammy Knox Racing Marketing Director Indiana Grand; Rick Moore VP and GM of Racing Harrah's Hoosier Park; Kiersten Flint, VP of Marketing Harrah's Hoosier Park.

I. Call to Order

Chairman Borst called the meeting to order at approximately 10:36 a.m. A quorum was present.

II. Approval of memorandum and executive session memorandum from the October 1, 2020, meeting.

Chairman Borst asked for a motion for approval of the memorandum and executive session memorandum from the October 1, 2020, Commission Meeting. The vote, by roll call, was unanimous 5-0 for 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. Hearing on 2021 Renewal Application of Indiana Horsemen's Benevolent & Protective Association ("IHBPA") for Approval as a Registered Horsemen's Association pursuant to 71 IAC 13-1-1 *et seq.* (Pursuant to Notice of Hearing and Prehearing Order issued on or about December 2, 2020).

Chairman Borst introduced agenda items one through four, which were the Renewal applications for the registered horsemen's associations. He then invited Brian Elmore, Executive Director of the IHBPA to make a presentation pursuant to the prehearing order issued on or about December 2, 2020.

Brian Elmore made a brief presentation, outlining the most important parts of the IHBPA application, specifically benevolence efforts for Indiana horsemen and how IHBPA had worked through the COVID-impacted 2020 race meet to continue to provide necessary

services. Mr. Elmore described the shift in focus for IHBPA to keeping people safe by providing face coverings and sanitizer and publishing COVID-19 protocols in both English and Spanish for participants on the backside to keep themselves informed.

Vice Chairman Schenkel commented that he was grateful that IHBPA had kept up benevolence efforts with Friends of Ferdinand for retired equine athletes. He also inquired as to future funding levels of the IHBPA benevolence fund given that the fund was needed more than ever during COVID-impacted times. Mr. Elmore stated that IHBPA would need to be very diligent with monies being received from the casino AGR as AGR had taken a hit during the pandemic with casino revenues down.

Chairman Borst asked if there were any questions or comments from commission staff or other interested parties. Seeing none, Chairman Borst asked for a motion and second to approve the IHBPA application. Commissioner Estes moved to approve the application and Commissioner McCarty seconded. The vote was unanimous 5-0 in favor of approval of the IHBPA Registered Horsemen's Association application for 2021.

2. Hearing on 2021 Renewal Application of the Quarter Horse Racing Association of Indiana ("QHRAI") for Approval as a Registered Horsemen's Association pursuant to 71 IAC 13-1-1 *et seq.* (Pursuant to Notice of Hearing and Prehearing Order issued on or about December 2, 2020).

Paul Martin, President of the QHRAI made the presentation of the application to the Commission. Mr. Martin described continued efforts, despite the pandemic, by QHRAI to ensure that it was promoting both quarter horse racing and ownership in Indiana. He described efforts through youth programs to teach proper husbandry and to promote humane treatment and a better understanding of the racing quarter horse. Mr. Martin also described the resounding success of the 2020 race meet, despite the pandemic.

Chairman Borst asked if there were any additional comments or questions from interested parties or Commission staff members. Seeing none he asked for a motion and second to approve the QHRAI application as a registered horsemen's association. Commissioner Pillow moved for approval and Commissioner Estes seconded the motion. The vote for approval was a unanimous 5-0.

3. Hearing on 2021 Renewal Application of the Indiana Thoroughbred Owners and Breeders Association ("ITOBA") for Approval as a Registered Horsemen's Association pursuant to 71 IAC 13-1-1 *et seq.* (Pursuant to Notice of Hearing and Prehearing Order issued on or about December 2, 2020).

Leigh Ann Hopper, Executive Secretary of ITOBA introduced and presented the application of ITOBA. Leigh Ann discussed the mission of ITOBA to promote and encouraging breeding, ownership, and participation in the Indiana racing program and to encourage investment in the Indiana agribusiness and equine industries.

Ms. Hopper stated that despite the COVID-19 pandemic, ITOBA had a plan to continue its operations and continue its mission to the Thoroughbred industry and the Indiana horse racing industry. She also discussed the abrupt change from Indiana racing news to CARES Act news to ensure that horsemen were properly educated and informed on the COVID-19 pandemic. Finally she discussed efforts by ITOBA to bolster purses and assist the yearling sales to ensure that interest in the Indiana industries remains high despite troubling financial times.

Chairman Borst asked if there were any comments or questions from interested parties or Commission staff. Seeing none he asked for a motion and a second on approval of the ITOBA application as a registered horsemen's association. Commissioner Estes moved approval and Commissioner Pillow seconded the motion. The vote carried unanimously, 5-0.

4. Hearing on the 2021 Renewal Application of the Indiana Standardbred Association ("ISA") as a Registered Horsemen's Association pursuant to 71 IAC 13-1-1 *et seq.* (Pursuant to the Notice of Hearing and Prehearing Order issued on or about December 2, 2020).

Joe Putnam, President of ISA presented the ISA application to the Commission. Mr. Putnam described the many services, including a full-time clinic and chiropractor, that ISA makes available to standardbred horsemen on the backside. He also described a text messaging services that sends out blast messages to members which allowed them to provide alerts about Indiana racing and the COVID-19 pandemic. He also described providing internet services for backside members and college tuition assistance.

Chairman Borst asked if ISA planned to continue to complete its newest economic study showing the importance of the equine industry and the racing industry to the State of Indiana. Mr. Putnam said that it was prudent to postpone the study during the COVID pandemic but the study is going to be necessary moving forward.

Chairman Borst asked if there were any additional questions from interested parties or Commission Staff. Seeing none he asked for a motion and a second to approve the ISA application as a registered horsemen's association. Commissioner McCarty moved acceptance and Commissioner Estes seconded the motion. The vote was unanimous, 5-0,

in favor of approval.

5. Consideration of Caesars 2021 Operational Plan as required by the Commission's Permit Transfer Final Order dated July 15, 2020.

Chairman Borst commented that he had read the plan multiple times to ensure that Caesars had appropriately included all information required in the Commission's Final Order. He said he believed that they had supplied all necessary information and more. He invited Joe Morris, Caesars SVP of Racing to present the Operational Plan.

Joe Morris began by thanking everyone in the industry and describing the incredible success of 2020, especially when considering it was a pandemic-impacted race meet. He said that he believed that Caesars had successfully complied with all twenty-eight of the conditions set forth by the Commission as part of its Final Order. He then described efforts that both Indiana Grand and Hoosier Park racetracks will undertake to create better wagering options and compete in better timeslots for simulcast viewers against other racetracks.

Mr. Morris then invited Rick Moore, VP and GM of Racing for Harrah's Hoosier Park, to present the Hoosier Park portion of the 2021 Operational Plan. Mr. Moore discussed the issues and challenges presented by the pandemic and said that he was proud of the success of the Hoosier Park race meet. He stated that the average handle was \$706,263 for the year. He also thanked Executive Director Deena Pitman for allowing Hoosier Park to card additional races and continue to make efforts to allow everyone to race. He also stated that expected Advance Deposit Wagering revenues were around \$4.5 million for 2020, which represents growth of over 100% from the previous year.

Mr. Moore then invited Ms. Kiersten Flint, VP of Marketing for Harrah's Hoosier Park to present marketing information to the Commission. Ms. Flint discussed the marketing efforts by Harrah's Hoosier Park including an additional \$10,000 investment to offer a free live racing program every day for the 2020 meet. She said that social media efforts had grown with a 17.5% increase in Twitter followers and a 157% increase in Twitter engagement. She noted that the VIP racing player had been redefined so as to allow Hoosier Park to better identify and market racing product to these individuals. She discussed continuing efforts to market large events and to take a more data-driven approach to identifying and marketing to customers.

Eric Halstrom, VP and GM of Racing for Indiana Grand, presented the Indiana Grand portion of the Operational Plan and provided a year-end recap for 2020. He said that although the pandemic brought about many challenges, it had helped Indiana Grand find

its “spot” with regard to Monday through Thursday and select Saturday racing to ensure that its product was featured as a simulcast option and not lost among the many other tracks running during evening hours and on weekends.

He said that handle was up nearly 31% from the previous year, despite the pandemic and despite not having spectators at the track for a portion of the season. He said that by day 75 of the 2020 meet, they had surpassed 2019 handle. He said that he truly believes that Indiana Grand is going to dominate the Monday through Thursday timeslot moving forward. He also discussed the efforts to bring winter training to Indiana Grand and to ensure that horsemen could stay here in Indiana and not have to travel to other states which helps to retain horse population and have competitors ready to go for the opening of racing.

Mr. Halstrom then invited Ms. Tammy Knox, Race Marketing Manager for Indiana Grand, to present information to the Commission. Ms. Knox stated that the social media numbers “skyrocketed” in 2020 and Indiana Grand became a premier track during the Monday through Thursday afternoon timeslot. Several of the racing personalities at Indiana Grand have nearly twenty thousand followers each on social media. Ms. Knox then described the continued investment of Caesars into racing marketing and the efforts to continue to work with the horsemen’s associations to advertise events and activities.

Joe Morris offered some closing remarks before the Chairman asked for a motion and a second to approve the 2021 Operational Plan. Commissioner Estes moved for approval and Vice Chairman Schenkel seconded the motion. The vote carried unanimously 5-0 in favor of approval of the Caesars 2021 Operational Plan.

6. Consideration and approval of Indiana Grand’s (Centaur Acquisition, LLC) permit renewal application for 2021 in accordance with 71 IAC 11-1-2; and
 - a. Consideration of Indiana Grand’s request for live racing dates for 2021 pursuant to IC 4-31-5-9, IC 4-31-5-10, and 71 IAC 11-1-7.
 - b. Consideration and approval of the renewal of Indiana Grand’s satellite facility licenses in Clarksville for 2021 in accordance with 71 IAC 12-1-23 and 71 IAC 12-1-10.

Chairman Borst stated that presentations had largely been made with regard to the Operational Plan and Caesars plans for the 2021 race meet. Eric Halstrom indicated that he did not have anything additional to add to the information that had been previously presented.

Chairman Borst asked if there were additional comments or questions from interested

parties or Commission staff. Seeing none he asked for a motion to approve the permit renewal, race dates, and the Clarksville OTB facility. Commission Estes moved approval of all three items, Commissioner McCarty seconded the motion. The vote carried unanimously 5-0 in favor of approval.

7. Consideration and approval of Harrah's Hoosier Park's permit renewal application for 2021 in accordance with 71 IAC 11-1-2; and
 - a. Consideration of Harrah's Hoosier Park's request for live racing dates for 2021 pursuant to IC 4-31-5-9, IC 4-31-5-10, and 71 IAC 11-1-7.
 - b. Consideration and approval of the renewal of Harrah's Hoosier Park's satellite facility licenses in New Haven and Indianapolis in accordance with 71 IAC 12-1-23 and 71 IAC 12-1-10.

Chairman Borst asked Mr. Moore if he had anything to add to the presentation offered on the 2021 Operational Plan. Mr. Moore stated that he had nothing further to add. Chairman Borst asked if there were questions or comments from Commission Staff. Seeing none he asked for a motion and second to approve the permit renewal, the live racing dates, and the New Haven and Indianapolis OTB licenses.

Vice Chairman Schenkel moved approval and Commissioner Estes seconded the motion. The vote carried unanimously, 5-0, in favor of approval.

8. Review and approval of IHRC Emergency Rules.

Executive Director Pitman presented this agenda item. She reminded the Commission that she began 2020 by reminding them that ARCI had made official recommendations and that the Commission staff intended to share those proposals with the horsemen early in 2020 to allow ample time for them to understand and comment on the rules on a functional level. Most of the rules are intended to track and improve animal welfare and limit illicit equine medications.

Director Pitman shared some of the concerns that horsemen had relayed. She stated that the rules had already passed in Kentucky, which provides a large number of ship-in horses to Indiana Grand. Therefore, in theory, many horses participating in racing at Indiana Grand had already been racing under the new rules.

Mr. Jackson stated that the rule document would be submitted to the Legislative Services Agency as a single document and that a single motion and vote could be taken to approve the rules.

Chairman Borst asked if there were members of the public that wished to offer comments

on the rules. Mr. Brian Elmore expressed confidence in the Commission and Dr. Michael Hardy in the recommendations being made in the rules. He also expressed serious concern about federal legislation that will likely alter the horse racing industry in ways that are mostly unknown.

Vice Chairman Schenkel asked how the adoption of the rules would compare to other surrounding states and how that might impact horses shipping in and out to those states. Mr. Jackson stated that Kentucky had already adopted a majority of the rules and Minnesota had adopted a number of them as well. He stated that Ohio and Illinois had not yet adopted the rules, but both of those states had to undergo the full rulemaking process involving the legislature.

Chairman Borst asked for a motion and a second to approve the adoption of the IHRC Emergency Rules. Commissioner Estes moved approval and Vice Chairman Schenkel seconded the motion. The vote carried unanimously, 5-0, in favor of approval of the adoption of the Emergency Rules.

9. Racetrack winter training update:
 - a. Caesars request for relief from Final Order re: offseason/winter training at Harrah's Hoosier Park.
 - b. Letter from the Indiana Standardbred Association supporting Caesars/Harrahs Hoosier Park request for relief from July 2020 Final Order.
 - c. Winter training plan for Indiana Grand racetrack.

Mr. Rick Moore provided background on the Harrah's Hoosier Park request for relief. He said that the concern from Hoosier Park were the horsemen that had put a significant financial investment into the building and maintenance of training facilities surrounding Hoosier Park. He said that the business plan of many of the training facilities was based on having full stables, even in the offseason. He also stated that the concern for the addition of winter training was mostly on the thoroughbred side and that had not been a concern of the standardbred horsemen.

Chairman Borst asked for a motion and second to approve the relief request of Harrah's Hoosier Park re: winter training. Commissioner Estes moved to approve the request for relief and Commissioner McCarty seconded the motion. The vote was unanimous, 5-0, in favor of approval.

Chairman Borst then asked for a motion and second to approve the winter training program provided by Indiana Grand. Commissioner Estes moved approval and Commissioner McCarty seconded the motion. The vote carried unanimously, 5-0, in

favor of approval of the Indiana Grand winter training program.

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

Joe Morris explained that the requests were outlined in the plan. He noted that the committee is made up of Caesars personnel and horsemen from both Indiana Grand and Hoosier Park. He explained that the prices provided to the Commission were estimates, but that there was complete agreement among committee members on the expenditures.

Chairman Borst asked if the fund had been monetized. Joe Morris stated that the fund was in the process of being monetized and that Mr. Jackson had been a part of that process. He also stated that payments and down payments had already been made for some of the projects and so Caesars would refund itself via the capital fund.

Vice Chairman Schenkel inquired about the exact amount that the Commission was being asked to approve. He said that it appeared that the amount was \$3.5 million. Mr. Jackson said that the Final Order issued by the Commission requires approval of all expenditures over \$50,000 made by the committee.

Chairman Borst asked for a motion and second to approve the expenditures. Vice Chairman Schenkel moved approval and Commissioner Estes seconded the motion. The vote passed unanimously, 5-0, in favor of approval.

11. Review and consideration of license renewal applications for 2021 Secondary Pari-Mutuel Organization (SPMO) for the following companies: Churchill Downs Technology Initiatives Co. (d/b/a TwinSpires, Inc.), Television Games Network (d/b/a TVG Network/FanDuel Group), Premier Turf Club (d/b/a as BetPTC), Xpressbet (subsidiary of Stronach Group Company) and AmWest Entertainment.

Mr. Jackson presented this agenda item. He explained that the SPMO license term is one calendar year and that the licenses above had been approved unanimously at the December, 2019, business meeting. He stated that Commission staff had reviewed each of the applications and determined that they were substantially compliant with the statute and regulations. Additionally, he explained that the Commission staff has continued its contract with the Thoroughbred Racing Protective Bureau which has allowed staff to receive and analyze wagering data on a granular level to look for inconsistencies or issues. None of which were found with any of the applicants. Finally, he stated that

Commission staff has continued to utilize the audits and requirements set forth by the Oregon Racing Commission which has set itself out as the foremost regulatory authority on the SPMOs.

Mr. Jackson requested approval of the renewal applications of the five SPMO operators. Vice Chairman Schenkel asked about the renewal fee submitted by Churchill. Mr. Jackson explained that there had been some confusion with the SPMOs as to what the renewal fee was but that Commission staff had notified them of the proper renewal fee and that fee had been submitted as required for renewal.

Chairman Borst asked for a motion and second to approve the SPMO renewals. Commissioner McCarty moved approval of the SPMO renewals and Commissioner Pillow seconded the motion. The vote passed unanimously 5-0, in favor of approval.

12. Review and consideration of new 2021 Secondary Pari-Mutuel Organization – New York Horse Racing Association (d/b/a NYRABets).

Mr. Jackson presented this agenda item and asked that the Commission approve the license to begin on January 1, 2021, so that the licensure periods can remain the same for the SPMOs. Mr. Jackson stated that the application was compliant with statutory and rule requirements. NYRA began submitted required data to the Thoroughbred Racing Protective Bureau and have maintained compliance with audits for the Oregon Racing Commission. Mr. Jackson then requested approval of the 2021 SPMO license for NYRABets.

Chairman Borst asked for a motion and a second to approve the SPMO application. Commissioner Estes moved approval and Commissioner Pillow seconded the motion. The vote carried unanimously, 5-0, in favor of approving the NYRABets SPMO application for 2021.

[Prior to Agenda Item 13, Commissioner Pillow left the meeting. Four Commissioners remained.]

13. Review and consideration of Notice of Seventh 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 of no party objects to the agreement. The automatic renewal was set to occur on January 1, 2021, 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 as part of the conditions set forth in the Final Order to transfer racing permits.

Mr. Jackson requested approval of the seventh subsequent renewal of the initial distribution agreement. Chairman Borst asked for a motion and a second to approve. Commissioner Schenkel motioned approval and Commissioner McCarty seconded the motion. The vote passed unanimously, 4-0, in favor of approval.

14. Review of Commission rulings – September 24, 2020 – December 2, 2020.

Chairman Borst asked if there were any questions on this agenda item. Commissioner McCarty asked if the rulings were catalogued by individual as well as chronologically as they are presented to the Commission.

Mr. Jackson stated that he understood Commissioner McCarty to be asking whether the Commission staff was aware of every violation committed by an individual so that it could properly keep track of violations over a period of years. Mr. Jackson replied in the affirmative that each licensee has a profile in which specific rulings are attached so that Commission staff can identify individuals that have had a significant number of rulings in the past.

15. Status update regarding 2021 breed development committee programs for Standardbred Breed Development, Standardbred Advisory Board (county fair harness racing program), Thoroughbred Breed Development and Quarter Horse Breed Development.

Jessica Barnes, IHRC Breed Development Director, presented this agenda item. Ms. Barnes explained that in a typical year there have been one or two program planning meetings prior to the December Commission meeting. Because of COVID and the fact that it had impacted her family personally, Ms. Barnes explained that as of December 10, those meetings had not occurred yet. She explained that it might work out in favor of the breed development programs because the casino revenue numbers had shifted down prior to estimates being made. She said that the casino revenue would be watched closely during the month of January so that the breed developments committees would have a better idea of where the programs stood going into the 2021 race meet.

Ms. Barnes asked that the Commission delegate authority to approve the programs to Executive Director Deena Pitman since the planning process was going to be accelerated

and the Commission would not likely have a meeting in January and February.

Chairman Borst accepted a motion to approve the delegation of approval authority to Executive Director Pitman for the breed development programs. Commissioner Estes moved approval and Commissioner McCarty seconded the motion. The motion carried unanimously, 4-0, to delegate approval authority to Director Pitman.

III. Old Business

Chairman Borst made a statement regarding the Capital Fund and instituting a reporting requirement on Caesars to allow the Commission to track the funding as it moved out of the primary escrow account. The requirement would be a biannual financial report that would show all activity on the account and any related accounts and quarterly financial statement sent to the Commission. Caesars staff indicated that the reporting requirement sounded reasonable. Vice Chairman Schenkel noted that the Commission is not expecting an official audit but merely transparent reporting on the money in the account.

Vice Chairman Schenkel made a motion to require Caesars to submit to the biannual financial report and the quarterly financial statements to the Commission. Commissioner Estes seconded the motion. The motion carried unanimously, 4-0, in favor of the financial reporting requirements.

IV. New Business

V. Adjournment

The meeting was adjourned at approximately 1:08 p.m.