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November 27, 2019

## VIA HAND DELIVERY

Indiana Horse Racing Commission  
1302 N. Meridian Street  
Indianapolis, IN 46202

Re: Caesars Proposed 2020 Operational Plan

Dear Chairperson Borst and Commissioners:

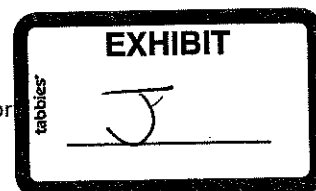
The Indiana Horsemen's Benevolent & Protective Association ("IHBPA") and the Quarter Horse Racing Association of Indiana ("QHRAI") (together, the "Associations") submit this letter for consideration by the Indiana Horse Racing Commission and inclusion in the record of the hearing on Caesars Entertainment Corporation's ("Caesars") proposed 2020 Operational Plan required by the Commission's July 10, 2018 Final Order ("Order").

### **Caesars Failed to Consult with the Associations on the 2020 Operational Plan**

Paragraph 4 of the Order requires Caesars to prepare an annual operational plan "in consultation with the horsemen's associations" for Commission approval. Despite Caesars' consultation with the Associations on its 2019 operational plan, and despite IHBPA's October 25, 2019 request for consultation with Caesars on the 2020 Operational Plan, Caesars did not seek any input from IHBPA or QHRAI before submitting the Plan to the Commission. This letter outlines items that the Associations believe should be addressed in the 2020 Operational Plan. The Associations request that the Commission require that these items be addressed in the 2020 Operational Plan.

### **Completion of the track resurfacing project.**

Significant issues developed at the Indiana Grand track during the 2018 racing season. Coarse aggregate from the sub-base was coming through the cushion resulting in an unsafe condition. Several races were cancelled due to this safety issue. To address these issues, Caesars included \$700,000 to resurface the track in its 2019 Operational Plan. The project was never completed. Completion of the resurfacing project is not part of the 2020 Operational Plan.



A resurfacing project should take between two to three months to complete. The plan was to undertake the resurfacing project immediately after the 2018 race meet. To facilitate the time-sensitive project, the horseman voluntarily gave up ten days of post-meet training immediately after the 2018 race meet.

The project was marked by significant delays which, the Associations understand were caused by Caesars' delays in paying its material suppliers. As a result, the track was not available until five days before the beginning of the 2019 race meet, with the resurfacing project still not being completed. This caused two separate issues.

First, Caesars' contracts with the Associations require that the track be available to the horsemen for training **thirty-five** days before the beginning of the race meet. The thirty-day delay in having the track available caused significant issues for the horsemen. Indiana-based trainers who do not race in other jurisdictions from November until March lost thirty days to get their horses fit to compete. As a result, many of their horses were not ready to race until June, costing them a quarter of the racing season. This had a significant financial impact on owners, trainers, and workers of Indiana-based horsemen.

The track's late opening for training reduced racing opportunities not only reduced the number of races run, but it also created short fields which had a detrimental effect on race wagering at the track and around the country via simulcast, resulting in lower revenues generated for horsemen's purses. As a result, handle was significantly decreased during the first forty days of the race meet.

Second, by failing to complete the track resurfacing project, Caesars did not fulfil its obligation under the 2019 Operational Plan. A track includes three layers. The first layer is a limestone subbase. The next layer is a three-inch base topped by 2 ¾" cushion layer that fluffs to 3 ¼". Due to Caesars' mismanagement of the resurfacing project, no base layer was laid from the crown of the track to the outside rail. The final cushion layer was laid directly over the limestone sub-base on this part of the track. Additionally, where a base layer was laid, it is only one and a half inches instead of the customary three inches.

At a September 10, 2019, meeting between Caesars' representatives and representatives of the IHBPA and the QHRAI, Caesars President of Global Operations, Tom Jenkin, stated that Caesars would be placing a base layer between the cushion and the sub-base from the crown of the dirt track to the outer rail at the end of the 2019 race meet. Nevertheless, the proposed 2020 Operational Plan does not include any further work on the track or any funds for completing the resurfacing project.

A safe and consistent track is the single most important thing to all horsemen. The safety of human and equine race participants is paramount. The current condition of the track needs to be immediately addressed by Caesars. The Associations request that the Commission require that the 2020 Operational Plan include the completion of the track resurfacing project promised in Caesars' 2019 Operational Plan.

**The 2020 Operational Plan does not include any plan to upgrade the paddock.**

The present paddock area at Indiana Grand is prone to flooding and becoming a muddy, soupy mess following significant rain events. The paddock should be paved with brick pavers to prevent this situation and make it usable to horses in all weather. Additionally, the paddock tote board was broken during the entire 2019 race meet and needs to be repaired or replaced. The Associations request that the Commission require that the 2020 Operational Plan include these upgrades to the paddock area.

**The Proposed 2020 Operational Plan does not adequately promote horse racing.**

Paragraph 18 of the Order stated that the Commission required a substantial commitment from Caesars to develop, promote, and improve the horse racing industry. Yet, the Associations have seen a steady decline in horse racing services provided by Caesars to the horsemen and the wagering public. Staff cuts and retraining of pari-mutuel tellers for sports wagering have resulted in a lack of teller availability for pari-mutuel wagering.

The pictures attached as Exhibit A were taken on October 8, 2019, at zero minutes to post for race number six, which was the first of two Indiana thoroughbred stakes races held that day. The pictures were taken in the family pavilion area, which is the only climate-controlled area on the apron level of the grandstand and is a popular place for patrons to place wagers, and families to congregate. There are no tellers in the area, and as shown by the pictures included in Exhibit A, the space is entirely uninviting for horsemen and horse racing fans. Ironically, the concessions stand was open.

While these pictures were taken on October 8, 2019, they do not depict an isolated occurrence. Beginning in roughly August of 2019, the horse racing services offered at Indiana Grand began to decline. These photos are typical of the last half of the 2019 race meet.

The Associations request that the Commission require that the 2020 Operational Plan include provisions requiring Caesars adequately promote racing by consistently providing appropriate levels of trained staff including pari-mutuel tellers and hospitality staff.

**The Operational Plan should require Caesars to commit the funds to host the 2021 Quarter Horse Challenge Races**

The proposed 2020 Operational Plan states that "Caesars Entertainment is also pursuing the 2021 Quarter Horse Challenge Championship at Indiana Grand to further elevate the recognition and accomplishments of the Indiana horse racing industry." The 2019 Operational Plan included identical language regarding the 2020 Quarter Horse Challenge Championship, but Caesars' efforts in that regard were wholly inadequate.

In 2019, representatives of Caesars and QHRAI attended meetings in California to plan the 2020 Quarter Horse Challenge Championship. Despite expressing its intent to pursue hosting the Challenge in its 2019 operational plan, Caesars refused to do so unless QHRAI agreed to pay the \$250,000 fee to host the race. Given the financial and publicity benefits that would have accrued directly to Caesars by hosting a national event like the 2020 Quarter Horse Challenge Championship, Caesars' demand that QHRAI pay the hosting fee was unreasonable.

Unless Caesars is willing to commit the funds required to host the 2021 Quarter Horse Challenge Championship at Indiana Grand, the statement in its 2020 Operational Plan is meaningless. The QHRAI requests that the Commission either require the 2020 Operational Plan include a commitment of the funds necessary to bring the 2021 Quarter Horse Challenge Championship to Indiana Grand or withdraw its statement that it is pursuing the event.

**Conclusion**

The Associations request that this letter be made part of the record of the Commission's hearing on Caesars' proposed 2020 Operational Plan and that the items listed in this letter be made part of the 2020 Operational Plan. Please also forward a copy of this letter to the appropriate representative of Caesars or its counsel.

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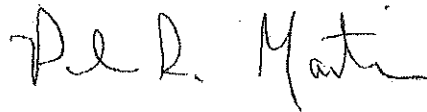
Sincerely,



Jeffrey D. Stemerick  
Counsel for IHBPA



Joseph D. Davis, President  
IHBPA



Paul Martin, President  
QHRAI

cc: Robbin Babbit (via email)  
Noah Jackson (via email)