

**STATE OF ILLINOIS  
ILLINOIS RACING BOARD**

**IN THE MATTER OF THE ISSUANCE OF ORGANIZATION LICENSES  
AND THE ALLOTMENT OF THOROUGHBRED AND HARNESS RACING  
DATES FOR CALENDAR YEAR 2015**

**ORDER**

This matter came to be heard on the applications of Arlington International Racecourse, LLC, Hawthorne Race Course, Inc., and Fairmount Park, Inc. for organization licenses and 2015 thoroughbred racing dates; and the applications of Balmoral Racing Club, Inc. and Maywood Park Trotting Association, Inc. for organization licenses and 2015 harness racing dates.

The evidentiary hearing in this matter was conducted before Administrative Law Judge (“ALJ”) John White on September 19, 2014, pursuant to the contested case provisions of the Illinois Administrative Procedure Act (5 ILCS 100/10-25, et seq.), adopted by Section 20(e-10) of the Illinois Horse Racing Act of 1975 (230 ILCS 5/20(e-10)) and implemented by Part 205 of the Illinois Racing Board (“IRB”) Rules (11 Ill. Adm. Code 205.10, et seq., effective November 28, 2005). All applicants were represented by counsel. The ALJ presided over testimony from witnesses for each of the applicants and admitted exhibits into the record. In addition, the Board received testimony from representatives of the Illinois Harness Horsemen’s Association (“IHHA”) and the Illinois Thoroughbred Horsemen’s Association (“ITHA”) per IRB Rule 205.60. The record closed at the conclusion of the hearing on September 19, 2014 with the applicants’ closing briefs filed on September 24, 2014. At its meeting on September 30, 2014, the Board deliberated and voted on the applications for organization licenses and race dates for 2015.

It is the public policy of this State to: (a) support and enhance Illinois’ horse racing industry, which is a significant component within the agribusiness industry; (b) ensure that

Illinois' horse racing industry remains competitive with neighboring states; (c) stimulate growth within Illinois' horse racing industry, thereby encouraging new investment and development to produce additional tax revenues and to create additional jobs; (d) promote the further growth of tourism; (e) encourage the breeding of thoroughbred and standardbred horses in Illinois; and (f) ensure that public confidence and trust in the credibility and integrity of racing operations and the regulatory process is maintained. 230 ILCS 5/1.2.

In granting organization licenses and allocating dates for horse race meetings, Section 20(e-5) of the Illinois Horse Racing Act of 1975 (the "Act"), 230 ILCS 5/20(e-5), vests the Illinois Racing Board (the "Board") with the discretion to determine an overall racing schedule which is conducive to the best interest of the public and the sport of horse racing. In making this determination, the Board must consider the following factors enumerated in Section 20(e-5):

- The character, reputation, experience and financial integrity of the applicant and of any other person that controls such applicant, directly or indirectly;
- The facilities or proposed facilities for the conduct of horse racing;
- The total revenue to be derived by the State and horsemen from the applicant's conducting a race meeting; (without regard to Section 32.1)
- The good faith affirmative action plan of each applicant to recruit, train and upgrade minorities in all employment classifications;
- The applicant's financial ability to purchase and maintain adequate liability and casualty insurance;
- The applicant's proposed promotional and marketing budget and prior year's promotional and marketing activities and expenditures for those activities;
- Any agreement among applicants for the issuance of racing dates; and
- The extent to which applicants meet or exceed other standards adopted by the Board.

The Board has reviewed the complete record of the hearing, including the applications, transcripts of the proceedings, all exhibits admitted into evidence, the arguments of the parties including closing briefs, and supplemental information submitted by the applicants. The Board has officially noticed other materials in its possession including the Board's annual reports, past Dates Orders, the 2015 Staff Report, and Board statistics on racing through August 31, 2014. With respect to each application, the Board has considered all of the statutory criteria listed in Section 20(e-5) of the Act. Being fully advised in the premises, the Board makes the following findings of fact and conclusions of law:

1. Each applicant has an extensive history of conducting race meets in Illinois over a period of many years, and each has demonstrated and possesses the character, reputation, experience and financial integrity required for an organization license, as further discussed in paragraph 11 below. (9/30/14 Tr. 42-43).

2. The following applicants own or have a lease or contract for the possession of the following racetracks:

<u>ASSOCIATION</u>	<u>TRACK</u>
Arlington International Racecourse, LLC	Arlington Park
Balmoral Racing Club, Inc.	Balmoral Park
Hawthorne Race Course, Inc.	Hawthorne Race Course
Fairmount Park, Inc.	Fairmount Park
Maywood Park Trotting Association, Inc.	Maywood Park

3. None of the applicants is in default in the payment of any obligation or debt due the State.

4. The mileage between racetracks located in upstate Illinois is as follows:

Arlington Park and Balmoral Park	63.6 miles
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Arlington Park and Hawthorne Race Course	30.4 miles
Arlington Park and Maywood Park	20.5 miles
Balmoral Park and Hawthorne Race Course	37.5 miles
Balmoral Park and Maywood Park	50.7 miles
Hawthorne Race Course and Maywood Park	10.5 miles

Fairmount Park is located more than 225 miles from the racetracks at which all other applicants seek to conduct race meetings.

5. Each applicant has demonstrated the financial ability to purchase the necessary casualty and liability insurance. (Exhibit 18 to 2015 Applications);(Staff Report, Ex. I);(9/30/14 Tr. 44).
6. Each applicant has submitted a summary of its workforce and its affirmative action plan to recruit, train and promote female and minority employees. (Exhibit 27 to 2015 Applications); (Staff Summary, Ex. G);(9/30/14 Tr. 52).
7. The racing dates awarded by the Board for 2014 were as follows:

**THOROUGHBRED**

	<u>Host Days</u>	<u>Live</u>	<u>Dark</u>
<b>Arlington Park</b> January 1 through January 23 (no live racing) April 28 through September 30	179	89	90
<b>Hawthorne Race Course</b> January 24 through February 20 (no live racing) February 21 through April 27 October 1 through December 31	186	100	86
<b>Fairmount Park</b> April 29 through September 20	n/a	52	

**HARNESS**

	<u>Host Days</u>	<u>Live</u>	<u>Dark</u>
<b>Balmoral Park</b> January 1 through December 31	275	136	139
<b>Maywood Park</b> January 1 through December 31	90	89	1

8. The average daily handle (live and simulcast), state revenue generated, commingled handle (e.g., out-of-state handle on Illinois races) and on-track attendance at each 2014 race meet through August 31, 2014 are set forth below (Staff Report, Ex. C, IRB Statistics pp. 4-6):

	<u>Average Daily Handle</u>	<u>Average Daily State Gov. Revenue***</u>	<u>Commingled Handle **</u>	<u>Attendance</u>
<b>THOROUGHBRED</b>				
Arlington Park	\$1,841,413	\$26,593	\$1,902,627	8,235
Hawthorne Racecourse Fall *	\$1,174,365	\$16,870	\$1,742,315	1,034
Hawthorne Racecourse Spring	\$1,447,988	\$20,787	\$1,265,363	1,348
Fairmount Park	\$142,329	\$1,295	\$233,914	2,272
<b>HARNESS</b>				
Balmoral Park	\$486,403	\$7,009	\$716,225	1,101
Maywood Park	\$555,866	\$8,037	\$522,852	639

\* Hawthorne Racecourse Fall statistics reflect its 2013 race meet.

\*\* The State of Illinois does not generate revenue on commingled handle.

\*\*\*This reflects only the 1.5 percent pari-mutuel tax on live and simulcast wagering, and not local government revenue, sales or income or employment tax.

9. The Board considered the total revenue to be derived by the State and horsemen from the conduct of race meetings, without regard to Section 32.1 of the Act (the real estate pari-mutuel tax credit). (9/30/14 Tr. 43). State revenue generated per live race day in 2014 was greatest at Arlington (\$26,593), followed by Hawthorne (\$20,787), Maywood (\$8,037), Balmoral (\$7,009), and Fairmount (\$1,295). (Staff Report, Ex. C, IRB Statistics p. 7). Purses earned are a statutory percentage of, and proportionate to, handle generated. (9/19/14 Tr. 71).

10. The Board finds that Illinois thoroughbred and harness racing, wagering and revenues are still in decline. Handle at brick and mortar locations decreased 11% in 2014, although with Advance Deposit Wagering included, total handle is up 3%. Out-of-state handle on Illinois races was down 25%. The State receives no revenue from out-of-state handle on Illinois races. Arlington's Illinois handle was down 9% in 2014, and out-of-state handle on its races decreased

by 18%. Hawthorne's Illinois handle for its 2014 Spring meet was down 4% over its 2013 Spring meet, although there was no ADW wagering during the 2013 Spring meet. Out-of state handle on Hawthorne's races was down 15%. On the harness side, Balmoral was up 2% in out-of-state handle on its races, and Maywood was down 5%. Illinois handle on Balmoral was down 13%, and Maywood was down 10%. Fairmount Park's Illinois handle was down 4% and out-of-state handle on its races increased by 3%. (Staff Report, Ex. C, IRB Statistics pp. 2, 4, 5, 6, 7).

11. Consideration of **Financial Integrity**. The Board carefully considered the financial integrity of each applicant. In doing so, the Board took into consideration the economic climate in which the applicants, equine and agricultural participants, and the Board all must operate. The decline in handle and revenues from wagering over the past 14 years has caused concern over the financial health of each of the applicants. (Staff Report, Ex. D). Absent legislatively enacted financial relief, racing presents a financial challenge to each applicant.

In assessing the financial integrity of the applicants, the Board has reviewed the applicants' independently audited consolidated financial statements for 2013 and 2012 and their partial unaudited financials through June 30, 2014. (Exhibit 5 to the 2015 Applications);(Staff Report, Ex. D). The Board also considered a Financial Analysis of each applicant by a Certified Public Accountant from Logan & Associates, Ltd., as well as the General Financial Statement Review Checklist, which is a summary of the information contained in all applicants' financial statements. (Staff Report, Ex. D). This checklist includes a Z-score calculation for each applicant, of which the Board took official notice and was admitted into evidence, with Hawthorne preserving its objection to its score. (9/19/14 Tr. 6-8, 271);(Board Exhibit #1, Stipulation). The Z-score calculation factors in components of debt, equity, assets and liabilities to arrive at a final score. (Staff Report, Ex. D, Checklist p. 2). For the current year (2013),

Arlington, Balmoral, Fairmount and Maywood had positive Z-scores above the 2.60 threshold. With respect to Hawthorne's negative 1.585 Z-score for calendar year 2013, the Board notes that the score improved from the prior year; Hawthorne received a "clean opinion" and did not receive a "going concern" disclosure from its independent auditor. (Staff Report, Ex. D, Checklist pp. 1-2). Subsequent to year-end on December 31, 2013, Hawthorne refinanced certain of its long-term debt facilities to increase borrowing capacities and extended maturities to July 2016 to improve working capital. (Staff Report, Ex. D, Checklist p. 6, Review Note 8);(Hawthorne App., Ex. 5, Consolidated Financial Statements for 2013 and 2012, Notes 5 & 17); (9/19/14 Tr. 49). The race dates awarded to Hawthorne are subject to the following condition:

a) Hawthorne Race Course is required to maintain the existing secured lines of credit and secured loans, and to produce written confirmation letters from those financial institutions verifying the loans have been maintained and extended, with sufficient available credit to satisfy all statutory obligations through the entirety of its 2015 race meet. (9/30/14 Tr. 11-12, 67-68).

Based on the applicants' financial statements, the financial statement analysis and review, and the above condition placed on Hawthorne, the Board finds that each applicant has the requisite financial integrity to conduct the race meets pursuant to the dates delineated in this order.

12. Members of the Board have visited each Illinois racetrack and are familiar with the facilities and accommodations of each applicant. The Board notes the following about Illinois' five racetracks:

### **Arlington Park**

- a) Arlington has a 1 1/8 mile main course with a synthetic racing surface (Polytrack) and a one-mile turf course. Both are ideal for thoroughbred racing.
- b) For its main course, Arlington utilizes the Fontana safety rail, which is preferred by thoroughbred jockeys.
- c) Arlington's public facilities and accommodations are superior for warm weather racing.
- d) Arlington's backside facilities are excellent for warm weather racing. Three new family dormitories have been built since 2005.
- e) Arlington has sufficient stall space to accommodate all race dates requested.

### **Balmoral Park**

- a) Balmoral has a one-mile clay and limestone track, equipped with lights, which is excellent for harness racing.
- b) Balmoral utilizes the "hubless hubrail," which is considered by harness drivers to be the most important safety feature available.
- c) Balmoral's facilities and accommodations for the public are adequate for all weather conditions.
- d) Balmoral's backside facilities and accommodations are adequate for all weather conditions.
- e) Balmoral has sufficient stall space to accommodate all race dates requested.

### **Fairmount Park**

- a) Fairmount Park has a one-mile dirt course and utilizes the Fontana Safety rail.
- b) Fairmount's public facilities and accommodations are adequate.
- c) Fairmount's backside facilities are adequate.
- d) Fairmount has sufficient stall space to accommodate all race dates requested.

### **Hawthorne Race Course**

- a) Hawthorne has a one-mile dirt course, and a 7/8 mile turf course, which is ideal for thoroughbred racing.
- b) Hawthorne uses a removable, modified Fontana Safety rail system, for thoroughbred racing. Thoroughbred jockeys prefer the Fontana rail.
- c) Hawthorne's accommodations for the public are adequate for all weather conditions.
- d) Hawthorne's backside facilities and accommodations are adequate for all weather conditions. Hawthorne provides and maintains off-site housing for backstretch workers.
- e) Hawthorne has sufficient stall space to accommodate all race days requested.

### **Maywood Park**

- a) Maywood has a half-mile limestone track, equipped with lights, which is acceptable for harness racing.
- b) Maywood utilizes the "hubless hubrail," which is considered by harness drivers to be the most important safety feature available.
- c) Maywood's public and backside facilities and accommodations are adequate for all weather conditions.
- d) Maywood has sufficient stall space to accommodate all race dates requested.

### **HARNESS**

13. **Maywood Park** located in Melrose Park, Illinois, has conducted harness racing for more than half a century. Maywood is the host of the prestigious Windy City Pace. Since 1998, Maywood has operated a coordinated meet and purse distribution schedule with Balmoral Park. Maywood and Balmoral host numerous stakes races during the summer and early fall, where horsemen will compete for \$3.9 million in purses in 2015. (Maywood App., Ex. 20, p. 4). This stakes schedule directs national attention to the Illinois harness racing program. In 2014,

Maywood raced two (2) nights per week, January 2 through December 26, on Thursdays and Fridays, and was dark on January 1 through February 5, August 4 through August 14, and November 27 and December 25. Live racing did not begin at Maywood until March 14, 2014, due to a contract dispute between the harness tracks and the Illinois Harness Horsemen's Association ("IHHA"). In its 2015 application, Maywood Park proposed a marketing and promotions budget of \$667,500. (Maywood App., Ex. 23);(Staff Report, Ex. H). In 2013, actual marketing expenditures were \$817,442. (Maywood App., Ex. 22);(Staff Report, Ex. H). For 2015, Maywood proposed live racing two (2) nights per week, Thursdays and Fridays, on January 1 and January 2 and from January 29 through June 26. (Maywood App., pp. 1-2); (Staff Report, Ex. A). Maywood requested a total of 46 live race days in 2015, as compared to 89 days awarded in 2014. (Staff Report, Ex. C, IRB Statistics p. 3).

14. **Balmoral Park**, located in Crete, Illinois, has conducted both harness and thoroughbred racing during its 88-year history. Balmoral has conducted only harness racing since 1991. In 2014, Balmoral raced three (3) nights per week, January 1 through December 31, on Wednesdays, Saturdays and Sundays, and was dark on January 1 through February 4, August 4 through August 14, and April 20 and December 24. Live racing did not begin at Balmoral until March 15, 2014, due to a contract dispute between the harness tracks and the Illinois Harness Horsemen's Association ("IHHA"). Several of the Balmoral stakes races are part of the "American National" series and many stakes are restricted to Illinois bred horses. Balmoral's "Super Night," where over \$1.1 million in purses are distributed, is one of the country's premier harness racing events. In its 2015 application, Balmoral proposed a marketing and promotions budget of \$742,800. (Balmoral App., Ex. 23);(Staff Report, Ex. H). In 2013, actual marketing expenditures were \$950,256. (Balmoral App., Ex. 22);(Staff Report, Ex. H). For 2015,

Balmoral proposed live racing two (2) nights per week, Saturdays and Sundays, January 1 through June 30, going dark January 5 through January 28 and February 1 and April 5. For the second half of the year, Balmoral proposed live racing two (2) nights per week, Fridays and Saturdays, July 1 through December 31, and going dark December 25. (Staff Report, Ex. A);(Balmoral App., pp.1-2). Balmoral requested a total of 95 live race days in 2015, as compared to 136 days awarded in 2014. (Staff Report, Ex. C, IRB Statistics p. 3).

15. A representative from Maywood Park and Balmoral Park testified in support of their applications and their proposed racing schedules. William “Duke” Johnston, President of Maywood Park Trotting Association and Vice President of Balmoral Racing Club, testified that they have applied for a two-part schedule in 2015: for the first six months, racing Thursdays and Fridays at Maywood, and racing Saturdays and Sundays at Balmoral; then for the last six months, racing two days a week on Fridays and Saturdays at Balmoral. He indicated that harness racing would resume again at Maywood sometime in 2016, but on a seasonal basis, with one harness racetrack racing at a time. (9/19/14 Tr. 290). This proposed schedule is a departure from the traditional harness schedule of racing a total of five days a week: Wednesdays, Saturdays and Sundays at Balmoral, and Thursdays and Fridays at Maywood. (9/19/14 Tr. 290). Mr. Johnston testified that Balmoral and Maywood have written agreements with the IHHA for the first half of 2015, to reduce live racing from five to four days a week (eliminate Wednesdays at Balmoral), to cut purses by an additional 15%, to overpay the purse account by \$2.4 million, and to keep the backstretches of both tracks open for the first half of year and then let Maywood close its backstretch beginning on July 1, 2015 (unless legislation passes prior to June 30, 2015 to provide an alternative revenue stream to both the racetracks and the horsemen). (9/19/14 Tr. 290-93);(Balmoral & Maywood Ex. 2);(Balmoral & Maywood Apps., Ex. 20(c)). They also

agreed to spread out the remaining impact fee purse money through June 30, 2015. (9/19/14 Tr. 291-92). Pursuant to Section 3.075(a) of the Horse Racing Act, the horsemen agreed to allow a schedule of less than five days of racing per week in order for Balmoral and Maywood to be eligible for simulcast host track status through December 31, 2015. (9/19/14 Tr. 291);(Balmoral & Maywood Apps., Ex. 20(c)).

Mr. Johnston testified that closing down Maywood for the second half of the year and consolidating racing operations at Balmoral would allow them to operate more efficiently, cut expenses and continue to overpay purses. (9/19/14 Tr. 295-97, 313). He stated that the cost of operating the backstretch at Maywood is about \$800,000 per year. (9/19/14 Tr. 293, 321). He acknowledged that if Maywood does not race from July 1 through December 31 of 2015, they would have to lay off some people but would keep the inter-track facility open at Maywood. (9/19/14 Tr. 311-12).

Mr. Johnston testified that there is enough stall space at Balmoral (960 stalls) to accommodate both the 128 horses currently stabled at Maywood and the 508 horses currently stabled at Balmoral. (9/19/14 Tr. 298);(Balmoral & Maywood Ex. 3). As to dormitory rooms for horsemen, 38 rooms are currently occupied at Maywood and 66 rooms are currently occupied at Balmoral. (9/19/14 Tr. 300);(Post Hearing Brief of Maywood & Balmoral, Ex. C). Balmoral has a total of 78 dormitory rooms (with an occupancy ranging from one to up to five people per room). (9/19/14 Tr. 300-302);(Balmoral App., Ex. 31(a)). Balmoral would have excess dormitory rooms if there is an attrition rate of at least 30%. (Post Hearing Brief of Maywood & Balmoral, Ex. C). There are seven school-aged children living on the backstretch at Maywood. (9/19/14 Tr. 303);(Post Hearing Brief of Maywood & Balmoral, p. 4). If these children moved to Balmoral, they could attend the Crete-Monee High School or Balmoral Elementary. *Id.*

16. David McCaffrey testified on behalf of the Illinois Harness Horsemen's Association ("IHHA") as its President. (9/19/14 Tr. 328). Mr. McCaffrey has been a licensed trainer in Illinois for 24 years, he has 25 harness horses stabled at Maywood, and he races at Maywood and Balmoral. *Id.* The IHHA Board of Directors discussed Maywood's and Balmoral's requests for race dates in 2015. (9/19/14 Tr. 329-30). The IHHA is in agreement with and has a contract addressing Maywood's request to race from January 1 through June 30, 2015, including a three-week dark period in January of no harness racing. (9/19/14 Tr. 329, 331). He testified that the IHHA is opposed to Maywood's request to close the track from July 1 through the remainder of 2015 because it would be a "death sentence" for Maywood, by which he means that he does not think it will re-open. (9/19/14 Tr. 330, 332-33). He testified that the different distances of the two harness tracks matter to trainers because some horses perform better on a half-mile track (Maywood) and some perform better on a one-mile track (Balmoral). (9/19/14 Tr. 342-43). Mr. McCaffrey testified that there are 49 people, including 8 children, living on the backstretch of Maywood, who are residing in 38 rooms. (9/19/14 Tr. 338, 343, 345). While he objects to Maywood's requested race days in 2015, he is not asking that the Board deny Maywood a license for the 2015 season. (9/19/14 Tr. 356). He testified that closing a racetrack is not in the best interest of the sport of horse racing. (9/19/14 Tr. 366).

17. Because the Board finds that it is in the best interest of the public and the sport of horse racing to offer year-round harness racing opportunities at both the one-mile track and the half-mile track, to keep horsemen in Illinois and maintain jobs and not close a track unnecessarily for six months if legislative relief for the industry passes in 2015, given that the Board is not able to award additional race dates later but a track may seek to vacate dates awarded if there is no relief, a more traditional harness schedule of racing two days a week at Maywood on Thursdays

and Fridays, and two days a week at Balmoral on Saturdays and Sundays is warranted. (9/30/14 Tr. 55, 62, 68-69).

### **THOROUGHBRED**

18. **Fairmount Park**, located in Collinsville, Illinois, provides racing opportunities for downstate Illinois horsemen and racing fans. As they have done for the last several years, Fairmount Park and the Illinois Division of the Horsemen's Benevolent and Protective Association ("HBPA") submitted a joint request for thoroughbred live race dates, this year requesting 52 race days presented in two different proposed Schedules A and B. (Fairmount Ex. 1, September 9, 2014 Letter to the IRB);(9/19/14 Tr. 116, 132). Fairmount has experienced financial difficulty in recent years that has caused it to voluntarily reduce race days. Under Section 26(g)(7.1) of the Act, Fairmount Park must apply for at least as many live racing days as it conducted in calendar year 2000 in order to qualify for thoroughbred purses from simulcast and inter-track wagering. Fairmount Park has met this requirement by applying for a 150-day meet. (Fairmount App., p. 1);(9/19/14 Tr. 115). The statute does not, however, require the Board to award any specific number of live racing days to Fairmount Park. In 2014, Fairmount was awarded 52 live race days. (9/19/14 Tr. 117). Fairmount's request for a 52-race day schedule in 2015, as in 2014, represents a 25% reduction in dates that were awarded in 2013. *Id.*

19. Under proposed Schedule A, Fairmount's 52-day meet would begin on March 3 and end on September 1 of 2015, with racing three (3) days per week in March and April and then two (2) days per week after the Arlington meet traditionally opens on May 1<sup>st</sup>. (Fairmount Ex. 1, Proposed Schedule A);(9/19/14 Tr. 118). Fairmount's President and General Manager, Brian Zander, testified that proposed Schedule A would be in the event that the Board determines that there would not be thoroughbred racing upstate in the early spring, and that this proposal is not

unreasonable given Fairmount's weather and geographic location 280 miles south and Fairmount's ability to draw a higher attendance than Hawthorne. (9/19/14 Tr. 118-20, 130-31). This proposed Schedule A would depend on Fairmount obtaining some funding from private sources to supplement the purses in order to attract horses from the Chicago area; Mr. Zander did not identify a particular source. (Fairmount Ex. 1, p. 2);(9/19/14 Tr. 125, 128-29).

20. Under proposed Schedule B, Fairmount's 52-day meet would begin on April 7 and end on September 12 of 2015. (Fairmount Ex. 1, Proposed Schedule B). Proposed Schedule B is similar to the schedule that Fairmount raced in 2014, except that they asked to start three weeks earlier in April and end one week earlier in September. (9/19/14 Tr. 121). Mr. Zander testified that this more traditional schedule for Fairmount would support its current overnight purse structure of \$55,000 to \$60,000 a day (along with remaining impact fee money saved for 2015) and would not require private funding to supplement purses. (9/19/14 Tr. 125-26). He testified that Fairmount has zero debt and a strong cash position and would be financially able to race either proposed Schedule A or B. (9/19/14 Tr. 124);(Fairmount App., Ex. 5).

21. Fairmount's requested alternative schedules are based on considerations such as the final release of impact fee moneys from the Horse Racing Equity Trust Fund (HRETF) and the Horse Racing Equity Fund (HREF) and the lack of legislation so far in 2014, the importance of maximizing field size by running two or three day racing weeks, and the importance of having year-round stabling and training and an open backstretch at Fairmount. (Fairmount Ex. 1). In its 2015 application, Fairmount proposed a marketing and promotions budget of \$230,000. (Fairmount App., Ex. 23);(Staff Report, Ex. H). In 2013, actual marketing expenditures were \$295,771. (Fairmount App., Ex. 22);(Staff Report, Ex. H).

22. In light of Fairmount's request for earlier dates, the warmer weather in the spring in Collinsville, and Fairmount's ability to attract crowds, a modification of Fairmount's proposed Schedule B is warranted to allow an additional two weeks of racing opportunities at the start of their meet and to end their meet one week earlier, which amounts to a total of 54 live race dates for 2015. (9/30/14 Tr. 51-52, 69).

23. **Arlington Park**, located in Arlington Heights, Illinois, is viewed nationally and internationally as a premier racing facility and has been successful in attracting world-class horses and horsemen. The Board has historically awarded Arlington a thoroughbred meet that spans the entire summer. In 2014, Arlington conducted live racing from May 2 through September 28, racing four (4) days per week, on Thursdays, Fridays, Saturdays and Sundays. Arlington's on-track attendance has traditionally been the strongest in the State with an average daily attendance in 2014 of 8,235 people. (Staff Report, Ex. C, IRB Statistics p. 4). Arlington's stakes program constitutes 21% of open races, and its centerpiece, the Grade I Arlington Million, generates substantial fan interest in Illinois and nationwide. Out-of-state wagering on Arlington's live product averaged \$1.9 million daily in 2014. *Id.* Arlington Park has a synthetic surface race track, installed in 2007, and a first-class turf course. In its 2015 application, Arlington proposed a marketing and promotions budget of \$4,576,871. (Arlington App., Ex. 23);(Staff Report, Ex. H). In 2013, actual marketing expenditures were \$4,576,871. (Arlington App., Ex. 22);(Staff Report, Ex. H). For 2015, Arlington requested live racing three (3) days per week, April 20 through June 30, on Fridays, Saturdays and Sundays; four (4) days per week, July 1 through August 31, on Thursdays through Sundays; and three (3) days per week, September 1 through September 30, on Fridays, Saturdays and Sundays. (Arlington App., p. 1);(Staff Report, Ex. A). Arlington requested a total of 79 live race days in 2015, as compared to 89 days awarded

in 2014. (Staff Report, Ex. C, IRB Statistics p. 3).

24. Arlington Park and Hawthorne Race Course were not in agreement over the award of thoroughbred live race days and host days in 2015. Arlington requested that the Board lengthen the Arlington meet at the beginning of its traditional May to September season and award Arlington all of the winter “dark” host days in January, February and through March 15 of 2015. (Staff Report, Ex. A);(Arlington App., July 31, 2015 letter to IRB at p. 4). Arlington also sought to darken (no live racing) and receive all of the host days from November 15 through December 31, 2015, which are part of the traditional fall meet run at Hawthorne. *Id.* To support its request, Arlington presented the testimony of Richard Duchossois, its Chairman, and Tony Petrillo, its General Manager.

25. Mr. Duchossois testified that he has been the Chairman of Arlington since the racecourse was built and even after the merger with a public company, the parent company (Churchill Downs Incorporated or “CDI”). (9/19/14 Tr. 138). He testified about his involvement in horse racing, the history of Arlington Park and the “Arlington Million” race as part of its International Festival of Racing, which attracts participants and tourists worldwide. (9/19/14 Tr. 138-145). Arlington spent \$200 million in rebuilding after the fire and re-opened the track in 1989, which was designed for customer service and a family friendly environment. (9/19/14 Tr. 145-49). Arlington University booths teach people how to read a race program and place a wager. *Id.* He testified that about 25 percent of the horses at Arlington’s meet come over from Hawthorne’s spring meet, and the other 75 percent come from various other states. (9/19/14 Tr. 152).

26. Mr. Petrillo, presented slides of an analysis of statistics compiled by the Jockey Club and summarized in a 2011 report prepared by McKinsey & Company that identified current problems confronting the thoroughbred racing industry and suggested potential solutions. (9/19/14 Tr. 158-

59);(Arlington Slides 2-3). Arlington employed 874 people in 2014. (Arlington App., Ex. 27); (Staff Report Ex. G). He testified that Arlington employees are trained and tested on the basics of wagering and knowledge of the facility. (9/19/14 Tr. 161). Arlington has spent almost \$60 million since 2007 investing in its facility, which includes \$11 million spent on a new track surface (Polytrack) in 2007 and \$28 million spent on a backstretch land purchase in 2009. (9/19/14 Tr. 164, 198-99);(Arlington Slide 5);(Arlington App., Ex. 17). Arlington has invested in a new online ticketing system that allows people to select and reserve a seat anywhere in the facility. (9/19/14 Tr. 165). Arlington's marketing and promotion initiatives include partnerships with professional sports teams (Chicago Bears, Blackhawks, White Sox, and Cubs), a university, and food and entertainment brands. (9/19/14 Tr. 166);(Arlington Slide 6);(Arlington App., Ex. 30). Arlington charges admission to its track, and the amount of the admission tax paid by Arlington in 2014 is projected to be \$52,000. (9/19/14 Tr. 166, 169, 204);(Arlington Slide 7). In 2014, Arlington developed an Illinois owner/breeder bonus, whereby the owner/breeder of an Illinois bred horse that races at Arlington qualifies for a bonus if the horse finishes in first through fourth place. (9/19/14 Tr. 171-72);(Arlington Slide 9). Mr. Petrillo testified that 75 percent of the horses that race at Arlington come from tracks other than Hawthorne. (9/19/14 Tr. 187-88);(see Arlington Slide 20). On cross examination, it was pointed out that about 70 percent of the horses that raced at Arlington during the month of May 2014 came from Hawthorne. (9/19/14 Tr. 223-25).

27. Mr. Petrillo testified that Arlington requested 79 days of live racing between the end of April and the end of September in order to remain competitive on a national scale in terms of overnight purses and stakes purses, and to maintain its overnight purse structure of an average of \$186,000 a day. (9/19/14 Tr. 179, 181, 228);(Arlington Slides 16 and 17). He predicted that if

Hawthorne's requested live race dates were granted and Arlington was not granted the additional host days it requested, Arlington's overnight purses would drop to \$100,000 per day. (9/19/14 Tr. 182-83, 234-36);(Arlington Slide 18). He testified that Arlington's request did not specifically seek to remove a spring meet at Hawthorne because there is a place for it. (9/19/14 Tr. 193). Mr. Petrillo did not advocate for elimination of the Hawthorne spring meet but did advocate for additional host days to be awarded to Arlington, thereby reducing live racing at Hawthorne. (9/19/14 Tr. 230-31);(Arlington App., July 31, 2014 letter to IRB, p. 4);(Staff Report Ex. A). Arlington does not have any more impact fee money to supplement its purses. (9/19/14 Tr. 234-35). Arlington requested dark host days from January 1 through March 15 in the winter/spring and the host days from November 15 through December 31 in the fall. (9/19/14 Tr. 235). Those requested host days would be equivalent to about \$6.5 million in purse money and could be used by Arlington to supplement its purses in the absence of impact fee money for 2015. (9/19/14 Tr. 235, 241). Implementation of its 2015 marketing and promotions plan, capital improvement plan and business plan is dependent upon Arlington receiving the 2015 race dates it requested, including the additional host days requested. (Arlington App., July 31, 2014 letter to IRB at p. 3, and Exs. 17, 23, 30).

28. **Hawthorne Race Course** in Stickney, Illinois, has been in the thoroughbred horse racing business for 105 years. Hawthorne has a one-mile dirt course and a 7/8 mile turf course, which are both excellent for thoroughbred racing. Hawthorne's turf course can be used in the spring, and can regenerate in the summer and be ready for turf racing in the fall. Hawthorne traditionally starts the thoroughbred racing season with a meet in the late winter/spring and closes the thoroughbred season with a fall/early winter meet. The Board finds that a strong race meet in February through April conducted at Hawthorne Race Course is critical to maintaining a

horse population ready to run at Arlington Park in the summer. Hawthorne hosts the prestigious Grade II Gold Cup and the Grade III Illinois Derby. Hawthorne's thoroughbred program emphasizes more Illinois bred races and provides racing opportunities and purses for more Illinois horsemen and those who are unable to race at Arlington. In 2014, Hawthorne conducted live racing at its Spring meet from February 21 through April 27, four days per week, Wednesday, Friday, Saturday and Sunday, and at its Fall meet from October 1 through December 31, racing four days per week, Wednesday through Saturday. Hawthorne was initially granted Sunday racing in the fall, but at Hawthorne's request, the Board approved at the July 2014 Board meeting the vacating of 13 Sundays. In its 2015 application, Hawthorne proposed a marketing and promotions budget of \$1,615,000. (Hawthorne App., Ex. 23);(Staff Report, Ex. H). In 2013, actual marketing expenditures were \$2,237,921. (Hawthorne App., Ex. 22); (Staff Report, Ex. H). For 2015, Hawthorne requested live racing on January 1, 2, 3, 30 and 31; two (2) days per week on Fridays and Saturdays from February 1 through February 28; three (3) days per week on Fridays, Saturdays and Sundays from March 1 through March 31; four (4) days per week, Wednesdays, Fridays, Saturdays and Sundays from April 1 through April 27; and four (4) days per week, Wednesday through Saturday from October 1 through December 31. (Hawthorne App., p. 1);(Staff Report, Ex. A). Hawthorne requested a total of 89 live race days in 2015, as compared to 100 days awarded in 2014. (Staff Report, Ex. C, IRB Statistics p. 3). Hawthorne presented the testimony of its President and General Manager, Tim Carey, and John Coli, Secretary/Treasurer of the Teamsters Local 727 union. (9/19/14 Tr. 22, 100).

29. Mr. Carey testified that Hawthorne ran out of casino impact fee money in 2013. (9/19/14 Tr. 23-24);(Hawthorne Slide Ex. 1). He testified that Hawthorne's 2014 Spring meet was impacted by the uncertainty of whether legislation was going to pass to renew advance deposit

wagering ("ADW") in Illinois. (9/19/14 Tr. 25-26). Hawthorne ended up with around 450 to 500 horses training during the winter dark time, when there would normally be 900 to 1,000 horses. (9/19/14 Tr. 25). Hawthorne kept its backstretch and track open for training during the winter, and those winter dark stabling costs for the first six weeks in January and February of 2014 were \$739,500. (9/19/14 Tr. 26-27, 90-91);(Hawthorne Slide Ex. 2). He testified that the polar vortex made it more expensive this year for Hawthorne to maintain its track. (9/19/14 Tr. 27). Mr. Carey advocated for the Board to award the same yearly total of host days to Hawthorne (186) and Arlington (179), as were awarded to them in 2014 and 2013. (9/19/14 Tr. 28);(Hawthorne Slide Ex. 4). He pointed out that Arlington sought an award of 285 total host days, which would leave just 80 total host days to Hawthorne for 2015. (9/19/14 Tr. 32-33);(Hawthorne Slide Ex. 7);(Staff Report, Ex. C, IRB Statistics p. 3). Mr. Carey testified that under Arlington's proposal of a 57% reduction in total host days for Hawthorne (186 down to 80), Hawthorne would lose \$25 million in revenues (track commissions and purse money). (9/19/14 Tr. 33-34);(Hawthorne Slide Ex. 8). He testified that if Arlington's proposed schedule were adopted, Hawthorne would need to review its options in 2015, including closure. (9/19/14 Tr. 93).

30. Mr. Carey testified about the importance of Hawthorne's spring meet to Arlington's meet. (9/19/14 Tr. 35-36). He noted that Hawthorne has a turf course for turf horses to train on in the spring, as well as two-year-old horses which can be ready to run at the Arlington meet. (Tr. 36). He estimated that 600 horses go from the Hawthorne spring meet to the Arlington meet. (9/19/14 Tr. 36). Hawthorne employed 346 people in 2014. (Hawthorne App., Ex. 27). Mr. Carey testified that there are at least 1,000 horsemen living on Hawthorne's backstretch, including 600 children who attend Cicero schools. (9/19/14 Tr. 37, 83). Hawthorne's proposal is for year-

round thoroughbred racing in Illinois. (9/19/14 Tr. 38). Mr. Carey testified that live racing generates more purse money for horsemen, and without Hawthorne running its meets, the horsemen would not make as much purse money. (9/19/14 Tr. 38);(Hawthorne Slide Ex. 11). He testified that weather has an impact on the spring meet, and if racing is cancelled due to weather, more live race dates provide more opportunities to make up that day. (9/19/14 Tr. 40-41).

31. In terms of live race dates requested for its 2015 Spring meet, Hawthorne sought to race the first three days in January to take advantage of that holiday week. (9/19/14 Tr. 42-43); (Hawthorne App., p. 4, 2015 Proposed Calendar). After that, Hawthorne proposed that Arlington keep the same number of 23 winter dark host days in January as awarded in 2014 but schedule them on January 4 through 26. *Id.* Then Hawthorne sought to run weekends beginning on January 30 through February. *Id.*

32. Regarding the factors in Section 20(e-5) of the Act, Mr. Carey testified that Hawthorne markets its signature stakes race, the Illinois Derby, a dirt track race with a \$500,000 purse, which is broadcast on WGN. (9/19/14 Tr. 44, 86);(Hawthorne Slide Ex. 13). Hawthorne has the “Own a Horse with Eddie O.” promotion with Blackhawks player Eddie Olczyk. (9/19/14 Tr. 45);(Hawthorne Slide Ex. 14). Hawthorne also offers night racing the last weekend in April and the first weekend in October, with live bands and a microbrew beer tent. (9/19/14 Tr. 45);(Hawthorne Slide Ex. 15). As a family-owned business that is 105 years old, Hawthorne has the character, reputation and experience to operate a race meet. (9/19/14 Tr. 48). As to its financial integrity, Mr. Carey testified that Hawthorne has a two-year commitment from its bank and has increased the line of credit. (9/19/14 Tr. 49). A portion of the real estate property has been pledged as collateral for the loan. (9/19/14 Tr. 75). Hawthorne also made cuts to its

expenses in 2014. *Id.* He testified that Hawthorne has not walked away from its financial responsibilities, has not been sued over them, and plans to be here for many years to come. (9/19/14 Tr. 49). Regarding its facilities, Hawthorne has an all-season racetrack facility. *Id.* Mr. Carey testified that Hawthorne has enhanced its first floor and put in new boxes this past spring so people are closer to the product. *Id.* Hawthorne's affirmative action plan indicates that 60 percent of its workforce is female and/or minorities combined. (9/19/14 Tr. 50);(Hawthorne App., Ex. 27);(Staff Report Ex. G). Hawthorne has liability and casualty insurance in place. (9/19/14 Tr. 51).

33. Mr. Coli testified that Teamsters Local 727 has almost 100 union members working at the Illinois racetracks. (9/19/14 Tr. 100). He indicated that reducing the number of live race dates adversely affects the members' jobs, income, health insurance, and pensions. (9/19/14 Tr. 102). He testified that the union's position is to support the proposed schedules with the most live race dates. (9/19/14 Tr. 108).

34. Glen Berman testified on behalf of the Illinois Thoroughbred Horsemen's Association ("ITHA") as its Executive Director. (9/19/14 Tr. 272). Mr. Berman is a licensed horse owner in Illinois and he races thoroughbred horses at Arlington and Hawthorne. *Id.* He is the spokesman for the ITHA Board of Directors, which is a 13-member owner/trainer group that represents all owners and trainers who race at Arlington and Hawthorne. (9/19/14 Tr. 272-73). As to Arlington's and Hawthorne's requests for 2015 race dates, the ITHA's position is "[t]he ITHA would like to see a comparable award of dates by the IRB for thoroughbred racing at Arlington and Hawthorne in 2015, as was awarded in 2014." (9/19/14 Tr. 273-74). Mr. Berman testified that the fact that Hawthorne stays open all winter benefits horsemen who regularly race in Illinois because their staff and families have a year-round place to live and to train horses.

(9/19/14 Tr. 282-83).

35. **Thoroughbred Dark Host Status.** Arlington submitted a request for all of the winter dark host days in January and February of 2015, as well as additional dark host days by seeking to extend the dark time through March 15, thereby shortening Hawthorne's spring meet. Arlington also sought to darken and receive the host days from November 15 through December 31, thereby shortening Hawthorne's fall meet. (9/19/14 Tr. 235);(Arlington App., July 31, 2014 letter to IRB at p. 4). Hawthorne sought to maintain the same number of total host days that were awarded to Arlington (179) and Hawthorne (186) in 2014, including the same number of 23 winter dark host days for Arlington. (9/19/14 Tr. 27-28);(Hawthorne App., "2015 Racing Dates Request, Executive Summary of Proposed Calendar"). Pursuant to Section 3.075(e) of the Act, "During any calendar period in which no organization licensee has been awarded a thoroughbred race meeting, the host track, between the hours of 6:30 a.m. and 6:30 p.m. of such period, shall be an organization licensee determined by the Board, provided the organization licensee has been awarded a thoroughbred race meeting in the current year and is eligible to be a host track." As Fairmount Park is not eligible to be a host track (per 230 ILCS 5/3.075(a)), Arlington and Hawthorne are the only two thoroughbred organization licensees that may be considered for dark host status for simulcasting. Each dark host day can only be awarded to one organization licensee. As a result, the award of each dark host day to one organization licensee necessarily comes at the expense of the other organization licensee, in terms of purse money and track commissions. During the dark thoroughbred period of January and February 2014, the average daily state revenue was roughly \$11,000, the average daily purses earned was roughly \$52,000, and the average daily host track commissions was roughly \$27,000. (Staff Report, Ex. C, IRB Statistics p. 8).

36. Considering all of the evidence, the Board finds that a similar award of total host days, including winter dark host days, as last year is warranted, with 180 host days awarded to Arlington and 185 host days awarded to Hawthorne for 2015. (Staff Report, Ex. C, IRB Statistics p. 3);(9/30/14 Tr. 66). A more equitable distribution of host days than proposed by Arlington will allow both tracks to remain open and viable in 2015, and live racing during the traditional spring and fall meets at Hawthorne provide year-round thoroughbred racing opportunities. (9/30/14 Tr. 17-18, 45, 61). Thus, 23 dark host days are awarded to Arlington (January 4 through January 26, 2015) and 24 dark host days are awarded to Hawthorne (January 27 through February 19, 2015) before its live race meet resumes on February 20. While both Arlington and Hawthorne incur backstretch expenses prior to the opening of their respective meets, the fact remains that Hawthorne incurs winter stabling and housing expenses for at least a six-week period when there is no live thoroughbred racing in Illinois. (9/19/14 Tr. 26-27, 90-91, 258-59). Such an award will support Illinois' horse racing industry by providing dark host track commissions to help cover the winter stabling and housing expenses incurred by Hawthorne so that the horses and horsemen do not migrate elsewhere but remain in Illinois throughout the winter and race in Hawthorne's spring meet, followed by Arlington's summer meet. (9/19/14 Tr. 36-37, 282-83). Such an award will also provide dark host purse money for overnight purses at both tracks, neither of which have impact fee money to supplement their purses in 2015. (9/19/14 Tr. 23-24, 235, 241).

37. The Board has considered each of the applicants consistent with the factors enumerated in Section 20(e-5) of the Horse Racing Act (230 ILCS 5/20(e-5)). Considering all of the evidence, the Board finds that maintaining a year-round racing calendar for harness and thoroughbred is necessary in order to sustain and promote the industry, to ensure the integrity of

racing, and to serve the best interest of the public. The Board has the authority, pursuant to Section 21(b) of the Horse Racing Act, to grant racing dates different from those requested by the applicants. 230 ILCS 5/21(b).

Consistent with its obligation to act in the best interest of the public and the sport of horse racing and to determine an overall schedule which enhances and supports Illinois' horse racing industry, ensures that Illinois' horse racing industry remains competitive with neighboring states, stimulates growth within Illinois' horse racing industry, promotes tourism, encourages the breeding of horses in Illinois, and ensures that public confidence and trust in the credibility and integrity of racing operations and the regulatory process is maintained, and based on the applications, exhibits, and testimony,

**IT IS HEREBY ORDERED:**

38. Fifty-four (54) days of thoroughbred racing are allotted to Fairmount Park, Inc., to be conducted at Fairmount Park from March 24, 2015 through May 31, 2015 on Tuesday afternoons and Saturday evenings; June 1, 2015 through July 18, 2015 on Tuesday afternoons and Friday and Saturday evenings, dark on July 3; and July 19, 2015 through September 1, 2015 on Tuesday afternoons and Saturday evenings, dark on September 5, and racing live on September 7, 2015. The race dates awarded to Fairmount Park are subject to the following condition:

a) Fairmount Park is required to implement an emergency track warning system for loose or out-of-control horses. (9/30/14 Tr. 12).

39. Seventy-seven (77) days of thoroughbred racing are allotted to Arlington International Racecourse, LLC, to be conducted at Arlington Park from April 27, 2015 through September 30, 2015. In addition, Arlington Park is awarded host track status from January 4, 2015 through January 26, 2015. Arlington Park will race three days per week in May, June and September, on

Fridays, Saturdays and Sundays, and four days per week in July and August, on Thursdays, Fridays, Saturdays and Sundays. Live racing on May 25 and September 7. Post times shall be 1:00 p.m., except that Arlington Park may have a 12:00 noon post time on Kentucky Derby Day, an 11:45 a.m. post time on Arlington Million Day, and a 3:00 p.m. post on Fridays. Arlington shall conclude its Friday afternoon program (last race declared official) by 7:10 p.m. so as not to conflict with the Maywood evening program. Arlington may conduct 12 races on Arlington Million Day. Arlington Park shall operate as the Illinois host track for the entirety of its meet, even on days and during weeks when no live racing occurs.

40. Eighty-three (83) days of thoroughbred racing are allotted to Hawthorne Race Course, Inc. to be conducted at Hawthorne Race Course on January 1, 2 and 3, 2015, and from February 20, 2015 through April 26, 2015 racing two days per week in February on Fridays and Saturdays, three days per week in March on Fridays, Saturdays and Sundays, and four days per week in April on Wednesdays, Fridays, Saturdays and Sundays, dark on March 1 and April 5. Live racing October 1, 2015 through December 31, 2015, four days per week, Wednesdays, Thursdays, Fridays and Saturdays, dark October 1, November 26, December 24 and December 25. In addition, Hawthorne Race Course is awarded host track status from January 27, 2015 through February 19, 2015. During live racing, post times shall be 1:00 p.m., except that Hawthorne may have a 3:00 p.m. post on Fridays, as daylight may permit. Hawthorne Race Course shall operate as the Illinois host track for the entirety of its meet, even on days when no live racing occurs. The race dates awarded to Hawthorne are subject to the following condition:

a) Hawthorne Race Course is required to maintain the existing secured lines of credit and secured loans, and to produce written confirmation letters from those financial institutions verifying the loans have been maintained and extended, with sufficient available

credit to satisfy all statutory obligations through the entirety of its 2015 race meet. (9/30/14 Tr. 11-12, 67-68).

41. Ninety-six (96) nights of harness racing are allotted to Balmoral Racing Club, Inc. to be conducted at Balmoral Park from January 1, 2015 through December 31, 2015, racing two nights per week on Saturdays and Sundays. Dark January 5 through January 30 and February 1 and April 5. Post times shall be between 7:00 p.m. and 7:45 p.m., except that Sunday post time may be at 6:30 p.m. Balmoral shall operate as the Illinois host track for the entirety of its meet, even on days when no live racing occurs. Balmoral may conduct no more than 14 races on Saturdays and 12 races on Sundays.

42. Ninety-six (96) nights of harness racing are allotted to Maywood Park Trotting Association, Inc. to be conducted at Maywood Park from January 1, 2015 through December 31, 2015, racing two nights per week on Thursdays and Fridays. Dark January 3 through January 28 and November 26, December 24 and December 25. Post times shall be between 7:00 p.m. and 7:45 p.m. Maywood Park Trotting Association shall operate as the Illinois host track for the entirety of its meet. Maywood may conduct no more than 12 races on Thursdays and 14 races on Fridays.

43. No organization licensee receiving racing dates pursuant to this order shall be deemed to have a vested interest, property right or future expectation to receive an organization license in any subsequent year as a result of the granting of an organization license for the calendar year 2015. 230 ILCS 5/20(f).

44. Each organization licensee shall adhere to their published post times for each race except when minor adjustments are necessary. (9/30/14 Tr. 11).

45. Each organization licensee shall maintain an open backstretch for the entirety of their race meet with sufficient dorm rooms to house backstretch workers and sufficient stall space to accommodate horses for all dates awarded, subject to the Memorandum of Understanding regarding the availability of backstretches dated March 7, 2014, entered into by the Illinois Harness Horsemen's Association and Balmoral Park and Maywood Park (see Maywood and Balmoral Applications, Ex. 20(c)). Such housing shall be consistent with applicable state and local occupancy statutes and ordinances. (9/30/14 Tr. 11).

46. Consistent with Section 29(d) of the Horse Racing Act, each organization licensee shall have a written agreement with their respective horsemen's association no later than 60 days before the commencement of their respective race meet. If no agreement is reached by the 60-day deadline, the organization licensee shall immediately notify the Board's Executive Director. The Chairman shall designate a mediator to resolve the dispute. (9/30/14 Tr. 10).

47. No organization licensee shall conduct fewer than eight races per live card. (9/30/14 Tr. 11).

48. As a condition of their license, each organization licensee agrees to the following before the commencement of their respective 2015 race meets: Pursuant to Section 3.075(a) of the Horse Racing Act, each organization licensee shall have an agreement with their respective horsemen's association to allow a lesser schedule than five days of racing per week. (9/30/14 Tr. 10-11).

49. Each organization shall establish and maintain security staffing at a level that is satisfactory to the Board.

50. Each organization licensee shall furnish to the Board annually the following inspection reports:

- a) A report from the Health Department of the municipality in which the track is located, or the Health Department of the County or State if the municipality lacks jurisdiction. This inspection report shall include, but not be limited to, an inspection of kitchen and concession equipment, water supply, sewage, drainage, housing and sanitation facilities of both the backside and the public areas. This report shall state that the facilities inspected at the particular track are in satisfactory compliance with the applicable health code provisions.
- b) A report from the Building Department of the municipality in which the track is located, or the Health Department of the County or State if the municipality lacks jurisdiction, stating that all the buildings located on the physical plant of the particular track are in satisfactory compliance with the applicable building code provisions.
- c) A satisfactory report from the State Fire Marshal's Office. This report shall detail any corrective action required in the areas of fire prevention, detection, suppression, construction, or health and safety addressed by the State Fire Marshal, the Board's Fire Safety rules (11 Ill. Adm. Code 403), or any state statutes which may be applicable. If the track appeals the findings of the Office of the State Fire Marshal, a copy of said appeal shall be filed with the Board in lieu of the Statement of Satisfactory Compliance. All tracks shall keep Board staff apprised of the status of any appeals.
- d) Copies of all interim inspection reports, citing code and fire rule violations, if any, shall be submitted to the Board by the organization licensee within three (3) working days of receipt by the organization licensee. In the event of successive race meets of the same breed at the same track, only the first organization need submit the inspection reports required in this paragraph, unless any applicable rules require additional inspections.

51. Prior to the issuance of an organization license, each applicant shall file an admission tax bond in the amount of \$25,000 and a pari-mutuel tax bond in the amount of \$200,000. Said bonds shall be filed with the Board not less than 20 days prior to the opening of each applicant's meet.

52. Each organization licensee, within 10 days of receipt of the final executed Dates Order, shall file with the Board an acceptance of the award, and pay to the Board \$110 for each live racing date awarded.

53. Each thoroughbred organization licensee shall submit its proposed stakes schedule, including proposed purses, to the Board for its approval at least 60 days prior to the opening of a new race meeting. Accompanying the proposed stakes schedule shall be a letter of approval or disapproval from the horsemen's groups.

54. Each organization licensee accepting thoroughbred dates under this order shall publish condition books covering at least the first seven (7) days of the meet and make them available to horsemen at least three (3) weeks prior to opening day; except Hawthorne Race Course and Fairmount Park, Inc., which shall provide such books no later than six (6) weeks prior to opening day. Thereafter, condition books shall be provided no later than three (3) weeks prior to the effective date of the first day of racing provided in such subsequent condition books.

55. Each licensee shall make pari-mutuel settlements within a 15-day cycle. Pari-mutuel settlements include, but are not limited to, live and host track commissions, purse allocations, outstanding pari-mutuel winnings, surcharges and interstate host fees.

56. The failure of any organization licensee to satisfy any of the aforementioned conditions or mandates to the Board's satisfaction may result in civil penalties being assessed against them, rescission of their racing dates, and revocation of their organization licenses.

57. Attached hereto as Appendix A and made a part hereof is a chart of the 2015 dates awarded.

58. The IRB Commissioners approved the 2015 racing schedule by a vote of 6 to 4. The following Commissioners voted in favor of the schedule: Byrne, Samuelson, Scates, Scheiwe, Spann-Cooper, and Whalen. The following Commissioners voted against the schedule: Berry, McCauley, Reyes and Sronce.

59. This is a final administrative decision subject to the Administrative Review Law. 230 ILCS 5/46. This decision may be challenged by the filing of an action for administrative review within 35 days of deposit in the U.S. mail. 735 ILCS 5/3-103.

60. This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one document. Signatures may be transmitted initially by facsimile, with hard copy to follow.

[Signature Page to Follow]

## APPENDIX A

### 2015 RACING DATES SCHEDULE

#### **Fairmount Park – 54 live programs**

Live racing March 24<sup>th</sup> through September 7<sup>th</sup>

Racing 2 and 3 days per week on Tuesdays, Fridays and Saturdays. No live racing on Friday, July 3<sup>rd</sup> and Saturday, September 5<sup>th</sup>.

#### **Arlington International Racecourse - 77 live programs and 103 dark host programs for a total of 180**

Dark host period - January 4<sup>th</sup> through January 26<sup>th</sup>

Live racing April 27<sup>th</sup> through September 30<sup>th</sup>

Racing 3 days per week in May, June and September, Fridays, Saturdays and Sundays. Racing 4 days per week in July and August, Thursdays through Sundays. Live racing will be conducted on Memorial Day, May 25<sup>th</sup> and Labor Day, September 7<sup>th</sup>.

#### **Hawthorne Race Course – 83 live programs and 102 dark host programs for a total of 185**

Dark host period – January 27<sup>th</sup> through February 19<sup>th</sup>

Live racing on January 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> and February 20<sup>th</sup> through April 26<sup>th</sup> racing 2 days per week in February, Fridays and Saturdays, and 3 days per week in March, Fridays, Saturdays and Sundays. No live racing on Sunday, March 1<sup>st</sup>. Racing 4 days per week in April, Wednesdays, Fridays, Saturdays and Sundays. No live racing on Easter, April 5<sup>th</sup>.

Live racing October 1<sup>st</sup> through December 31<sup>st</sup>

Racing 4 days per week, Wednesdays through Saturdays. No live racing on Thursday, October 1<sup>st</sup>, Thanksgiving, November 26<sup>th</sup>, and Christmas Eve and Christmas.

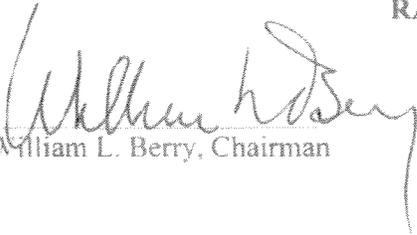
#### **Balmoral Park – 96 live programs and 170 dark host programs for a total of 266**

Live racing January 3<sup>rd</sup> and 4<sup>th</sup> and January 31<sup>st</sup> through December 27<sup>th</sup>, 2 nights per week, Saturdays and Sundays. No live racing on Super Bowl Sunday, February 1<sup>st</sup> and Easter, April 5<sup>th</sup>.

#### **Maywood Park – 96 live programs and 3 dark host programs for a total of 99**

Live racing January 1<sup>st</sup> and 2<sup>nd</sup> and January 29<sup>th</sup> through December 31<sup>st</sup>, 2 nights per week, Thursdays and Fridays. No live racing on Thanksgiving, November 26<sup>th</sup>, Christmas Eve and Christmas.

**BOARD ORDER SIGNATURES  
RACING DATES FOR 2015**

  
William L. Berry, Chairman

Kathy Byrne

Thomas V. McCauley

  
Benjamin Reyes

Orion Samuelson

Hugh Scates

  
Robert G. Schiewe, Jr.

Melody Spann-Cooper

Gregory W. Sronce

Roger F. Whalen

Action taken by the Board at its  
September 30, 2014 meeting

  
Marc Laino, Executive Director

  
Date Executed

BOARD ORDER SIGNATURES  
RACING DATES FOR 2015

\_\_\_\_\_  
William L. Berry, Chairman

  
\_\_\_\_\_  
Kathy Byrne

\_\_\_\_\_  
Thomas V. McCauley

\_\_\_\_\_  
Benjamin Reyes

\_\_\_\_\_  
Orion Samuelson

\_\_\_\_\_  
Hugh Scates

Action taken by the Board at its  
September 30, 2014 meeting

\_\_\_\_\_  
Robert G. Schiewe, Jr.

\_\_\_\_\_  
Marc Laino, Executive Director

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Melody Spann-Cooper

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Date Executed

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Gregory W. Sronce

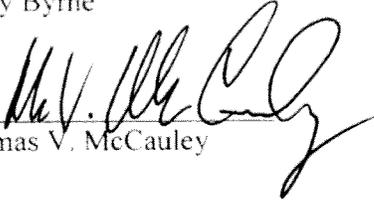
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Roger F. Whalen

**BOARD ORDER SIGNATURES  
RACING DATES FOR 2015**

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William L. Berry, Chairman

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Kathy Byrne

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Thomas V. McCauley



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Benjamin Reyes

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Orion Samuelson

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Hugh Scates

Action taken by the Board at its  
September 30, 2014 meeting

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Robert G. Schiewe, Jr.

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Marc Laino, Executive Director

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Melody Spann-Cooper

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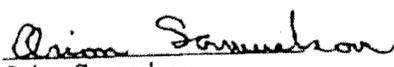
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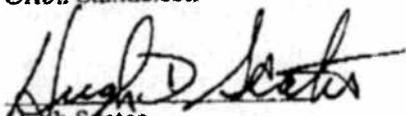
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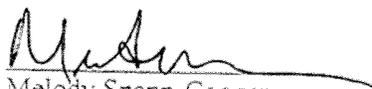
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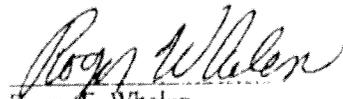
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Roger F. Whalen

## CERTIFICATE OF SERVICE

I, Marie Korczak, the undersigned, hereby certify that on October 15, 2014 the attached **Board Order for the September 30, 2014, Board Meeting** was deposited in the U.S. Mail by regular mail and certified receipt to the following service list:

### SERVICE LIST

Richard Duchossois, Chairman  
Arlington International Racecourse, LLC  
2200 W. Euclid  
Arlington Heights, IL 60006

Tony Petrillo, General Manager  
Arlington International Racecourse, LLC  
2200 W. Euclid  
Arlington Heights, IL 60006

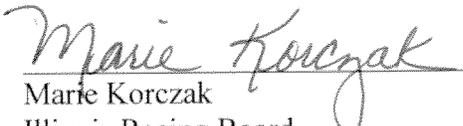
John Johnston, President  
Balmoral Racing Club, Inc. c/o  
Maywood Park Trotting Association, Inc.  
8600 W. North Avenue  
Melrose Park, IL 60160

John Johnston, President  
Balmoral Racing Club, Inc.  
26435 S. Dixie Highway  
Crete, IL 60417

Brian Zander, President  
Fairmount Park, Inc.  
9301 Collinsville Road  
Collinsville, IL 62234

Tim Carey, President  
Hawthorne Race Course, Inc.  
3501 S. Laramie  
Cicero, IL 60804

William H. Johnston, III, President  
Maywood Park Trotting Association, Inc.  
8600 W. North Avenue  
Melrose Park, IL 60160

  
Marie Korczak  
Illinois Racing Board  
James R. Thompson Center  
100 W. Randolph Street, Suite 5-700  
Chicago, Illinois 60601

Subscribed and sworn to before me

On the 15<sup>th</sup> day of October, 2014

  
Notary Public

