



March 13, 2010

Joe Gorajec
Executive Director
Indiana Horse Racing Commission
150 W. Market St., Ste. 530
Indianapolis, IN 46204

Joe,

I have talked to a number of the directors of both ITOBA and the HBPA concerning your response to my e-mail to you. Without exception, they are very disturbed about what is being done to a program that is currently producing the intended economic impact on Indiana agribusiness and creation of jobs, and is producing quality Indiana bred horses as well.

As I testified at the January 29th IHRC meeting, the Indiana bred program was broken for the majority of the current decade due to purse dilution; the result of the Executive Director's (Joe Gorajec) official recommendation to force both tracks to collectively race too many race dates when there were other options available. This along with the reduced award amounts during the same time period is what I personally warned you would happen in 2002. I personally told you the numbers of Indiana bred horses would decrease, and I also told you the quality of Indiana bred horses would suffer. I have the necessary experience and knowledge of participating in this industry, which are the qualifications one must have to lead breed development as described in the Indiana code, and my predictions were right.

These same directors are equally disturbed that you are now using the results of your own failed policy to justify your effort to eliminate all breed development committees via Senate Bill 001 (which we defeated) that you lobbied for and supported. They believe your goal is to eliminate the meaningful dialog that takes place in breed development committee meetings, and establish the track general managers and you, as the Czars of breed development. Not one of you possesses

Joe Gorajec Letter

3/13/10

Page 2

the requisite qualifications as described in the Indiana Code. There was a reason it was written this way. My directors feel that if you can't recognize the fact that it was diluted purse levels that broke the Indiana Bred program, and now you blame it on the program itself in your analysis of failure, then you are not competent to take it over and guide it properly. I can't argue with them since I was the one who warned you what would happen. In fact, the day the IHRC adopted your race date recommendation, I sent you a note congratulating you for "single-handedly killing the Indiana bred program's ability to achieve the mission of economic impact to Indiana and producing quality horses". I'm not an expert on steroids, nor did I give you my input on them, or forecast any future results based on the result of your recommendations on them. However, I am an expert on the Indiana bred program and state bred programs in general and my predictions were right on. What I told you in my e-mail is accurate as well. Negative impacts on Indiana will happen again if Indiana bred purses are lower than open races, and if you intend to force all Indiana breds to race in open company in 2011, starting with 2 yo's.

Purse dilution, and low purse levels were the primary purpose for all the breed groups to join the Indiana Horse Racing and Breeding Coalition, along with both tracks, to pursue supplemental gaming opportunities in the Indiana Legislature in 2003. From that point until the slot bill passed in 2008, this group used "economic impact through Indiana agribusiness and jobs" to generate support and the legislature "gets it". During the years the coalition fought for slots many breeders improved their stock because they believed the coalition would be successful and their horses would be running for much higher purses. To say that your suggested purse levels at Indiana Downs this year is 63% higher than they were when these horses were conceived and that they should be grateful for it is another example of not understanding what stimulates owners and breeders. This elitist attitude only makes the situation worse. When positive things happen in our industry, people speculate and invest. Sound familiar? Stock market investing? When negative things happen, people refrain from investing. Your recent actions starting with last year's "balance" initiative that reduced the 14 year precedent of funding Indiana bred base purses by 74%, and your actions this year concerning your "quality of racing initiative and remedial requirements" will result in lower purses for Indiana bred races than open races, are negative signs in our industry. This will reduce the potential economic impact on the state because out of state breeders who communicate with ITOBA frequently are worried about the stability and future of the program and are not investing here like they could be. The Indiana program

Joe Gorajec Letter

3/13/10

Page 3

was doing its job as designed with increased purses due to slots but your changes in the last two years has stunted maximum impact on Indiana in my expert opinion and the Indiana Legislature agrees.

I have attached a copy of House Resolution #83 that was adopted on Thursday, March 10th. The House is urging the IHRC to use the Thoroughbred Breed Development money and program that best serves the interest of the State of Indiana as described in the purpose statement of the Indiana pari-mutuel statute. The program they support is the one described in amendment 13 to Senate Bill 405 that was adopted in the House on February 23, 2010. I believe the Senate sent the IHRC a strong message by stripping out the language in SB001 that eliminated all breed development advisory committees under the IHRC. They support the system that utilizes industry experts to formulate all programs. I also believe the House sent a strong message to the IHRC on Thursday, March 10th concerning the Indiana bred program. They support the program that was formulated by industry experts as defined in statute. The IHRC members are very intelligent people and I hope they understand the messages that are being sent by the Legislature.

Sincerely,

Eddie Martin

Executive Director/ 1st V.P.

cc: IHRC members

ITOBA Board of Directors

HBPA Board of Directors