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MASSACHUSETTS GAMING
COMMISSION

January 15, 2015

Stephen Crosby, Chair
Gayle Cameron, Commissioner
Jennifer Durenberger, Director of Racing
101 Federal Street, 23rd Floor
Boston, MA 02110

Dear Chairman Crosby, Commissioner Cameron and Director Durenberger:

Last November, the Commission approved the New England HBPA's application for a one-day "placeholder" license to conduct a racing meeting in Suffolk County in 2015, giving the NEHBPA an opportunity to try to develop plans for the 2015 racing season while it explores its long-term plan to find another location for racing in the Commonwealth. With our encouragement, the NEHBPA suggested that it could hold such a meeting at Suffolk Downs, which is owned by Sterling Suffolk Racecourse, LLC (SSR).

I write today to update you on the various discussions that SSR has had with the NEHBPA about its potential lease of Suffolk Downs. I hope this report will be helpful to the Commission as it further considers and evaluates the status of the NEHBPA's 2015 racing application. I write also to update you on SSR's plans for 2015.

We sympathize with the plight of the NEHBPA and have made a good faith effort to work with the organization, as we did from 2007-2014 while preserving live racing and the jobs associated with it while operating at a substantial annual loss. Unfortunately, despite weeks of discussion, SSR has not been able to reach a lease agreement with the NEHBPA. More significantly, based on the information we have received to date, we have no reasonable expectation that we will be able to reach one. One of the principal stumbling blocks has been the NEHBPA's lack of a viable plan to fund lease payments and other expenses for its meet.

In our discussions, questions have arisen as to whether the Commission is prepared to advance funds that are statutorily designated for "purses for live races" (i.e., monies from the Race Horse Development Fund created by the Gaming Act) to the NEHBPA for non-purse uses, including its potential lease payments and other obligations and expenses of the NEHBPA's, such as racing consultants and administrative costs. SSR is not aware of any provision in Chapter 23K that allows these potential uses, nor one that makes the NEHBPA the exclusive recipient of the thoroughbred portion of this funding. As a result, even if we felt we could bridge the substantial gap that currently exists in our

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discussions to reach a lease agreement, we are highly concerned about entering one with an entity with no apparent ability to meet the obligations contemplated in these discussions.

Turning to SSR's own plans, we are very thankful that the Legislature considered the fate of our employees and enacted Chapter 436 of the Acts of 2014, providing a short-term extension of our 2014 racing license and simulcast authorization.

In light of our diminished expectations of reaching a lease agreement with the NEHBPA, and because we wish to preserve as many jobs at our facility and in the Massachusetts horse racing industry as possible, we are planning to utilize the authorization granted in Chapter 436 to apply directly for a license for a racing meeting in 2015 to facilitate the continuity of thoroughbred racing while the NEHBPA's plans remain in flux. If granted this license, we would plan to request funding from the Race Horse Development Fund for purses. This would allow Suffolk Downs to continue to provide employment for our workforce, provide the Massachusetts Thoroughbred Breeders Association with a venue for its races and provide the Commonwealth a short term solution to the end of thoroughbred racing and related employment while longer term plans can be devised at another location. It would also provide the opportunity for a higher quality, more competitive race meet of shorter duration than we have been able to offer in recent years – one that would presumably attract more interest from fans and bettors locally and nationally.

Sincerely,



Chip Tuttle

Chief Operating Officer

cc: The Honorable Stanley Rosenberg, President of the Senate

The Honorable Robert DeLeo, Speaker of the House

Senator Anthony Petrucci

Representative Roselee Vincent

Representative Brian Dempsey

Mayor Martin J. Walsh

Mayor Daniel Rizzo