

2007 AGREEMENT

This agreement made and entered into by and between the ILLINOIS HARNESS HORSEMEN'S ASSOCIATION, an Illinois not-for-profit corporation (hereinafter referred to as the "IHHA"), and BALMORAL RACING CLUB, INC., MAYWOOD PARK TROTTING ASSOCIATION, INC. and ASSOCIATES RACING ASSOCIATION, INC. (hereinafter referred to as the "LICENSEES"), all of which are authorized to do business in Illinois.

WITNESSETH:

WHEREAS, LICENSEES are organizations licensed by the Illinois Racing Board (hereinafter referred to as the "IRB") to conduct, and are engaged in the business of conducting, pari-mutuel harness race meetings at Balmoral Park and Maywood Park; and,

WHEREAS, the IHHA is a voluntary association of independent contractors who are owners, trainers and drivers of harness horses; and,

WHEREAS, the IHHA represents that it has been designated by a majority of the horse owners, trainers and drivers (HORSEMEN) to represent all HORSEMEN racing at LICENSEES' tracks as their agent for the purpose of negotiating the within Agreement; and,

WHEREAS, the parties hereto desire to cooperate in promoting the popularity of the sport of harness racing, and in insuring the continuity of harness racing at

LICENSEES' tracks for the best interest of racing and the best interests of the parties hereto and the public.

NOW, THEREFORE IN CONSIDERATION OF THE MUTUAL BENEFITS TO BE DERIVED BY THE PARTIES HERETO, IT IS AGREED AS FOLLOWS:

1. The terms of this Agreement apply to and govern the harness race meetings to be conducted by the LICENSEES for the year 2007.

2. From LICENSEES' retained share of the pari-mutuel handle, as provided for by the laws of the State of Illinois, the LICENSEES shall pay to the HORSEMEN's purse account, monies as specified in the Horse Racing Act of 1975 as amended. From the HORSEMEN's purse account, payments shall be made by the LICENSEES as follows:

A.) To IHHA, in the amount of SIX THOUSAND THREE HUNDRED (\$6,300) DOLLARS or less per host day 2007 for those host days in which the Licensee has been allotted harness race dates by the Illinois Racing Board. The LICENSEES shall pay these monies, pursuant to section 37-29(d) of the Horse Racing Act of 1975 as amended. The payments shall be made within fourteen (14) days after weekly billing.

B.) The amount not to exceed of THREE THOUSAND SIX HUNDRED NINETY THREE & 75/100 (\$3,693.75) DOLLARS per 2007 IRB allotted harness host day. ONE MILLION ONE-HUNDRED EIGHTY-TWO THOUSAND (\$1,182,000) shall be designated for payment of purses for stakes, including elimination and consolation races, futurities, and early and late closers per the stakes schedule in Exhibit

A attached hereto. This amount will be allocated from purse account on a host day basis during 2007 for the period that the Licensee has been allotted harness race dates by the Illinois Racing Board. All nominating, sustaining and starting payments shall be held for the benefit of entrant and shall be paid out as part of the respective purses for such races. Deductions may not be made from nomination, sustaining and starting payments or from the advertised purse for clerical or any other expenses. This stakes purse schedule may be changed only by mutual written agreement of LICENSEES and IHHA. Should any listed event be canceled, the specified purse money for those stakes shall become immediately available for purses in non-stake races. At the request of the IHHA, the LICENSEE shall provide to the IHHA a compilation listing of all nominating, sustaining, and starting payments, and, audit report indicating individual purses paid for stakes as listed along with source of purse monies for those respective races. At the conclusion of the last scheduled harness race program for the year 2007, any balance, positive or negative, in the amounts designated for purses in stakes races shall be adjusted in the HORSEMEN's purse account and become available for purses in non-stake races.

C.) To purses for stakes, including elimination and consolation races, futurities, and early and late closers in an amount not to exceed TEN THOUSAND (\$10,000.00) DOLLARS per race.

D.) To purses for races other than those covered in paragraphs 2B & 2C. The purses paid will initially be the same as those in effect at the end of racing under previous agreements. This shall include a 12% purse bonus paid from the HORSEMEN'S purse account to any Illinois Conceived and Foaled(ICF) horse registered under subparagraph(j)(2) of section 31 of the Illinois Horse Racing Act of 1975 finishing first,

second or third in races open to non-ICF horses where no entry, nominating or starting fees are paid. LICENSEES' Race Secretary shall make every reasonable effort to avoid the use of multiple, secondary or also eligible conditions. Any race with multiple, secondary or also eligible conditions, including multiple claiming prices, shall pay a purse equal to the average of the highest and lowest purses for the various conditions. LICENSEES shall reduce all purses by a fixed percentage not to exceed 10% if the HORSEMEN's purse account (less amounts designated for purses in stake races and as reserve as defined in paragraph 3) has a debit (overpayment) balance greater than TWO HUNDRED THOUSAND (\$200,000.00) DOLLARS at the time a new condition sheet is published. LICENSEES shall increase all purses by a fixed percentage not to exceed 10% if the HORSEMEN's purse account (less amounts designated for purses in stake races and as reserve as defined in paragraph 3) has a credit (underpayment) balance greater than THREE HUNDRED THOUSAND (\$300,000) DOLLARS at the time a new condition sheet is published except upon mutual agreement of LICENSEE and IHHA. No such percentage changes may occur in the first thirty (30) days of this Agreement without the approval of the IHHA. Any other modification of the purses for specific conditions, other than those described above, may be made only by mutual agreement of LICENSEES and IHHA. LICENSEES' Race Secretary and IHHA Condition Sheet and Purse Account Committee members shall meet regularly to discuss the purses and conditions.

3. Purse account balances from racing under previous Agreements shall be transferred to the 2007 HORSEMEN's purse account as the 2007 beginning balance. Any purse monies received by LICENSEES other than from the retained share of the

pari-mutuel handle, including but not limited to that from unclaimed outstanding tickets, lump sum settlements of interstate simulcasting costs and/or audits of previous purse account activity, shall be transferred to the 2007 HORSEMEN's purse account and maintained by the LICENSEE as a reserve. Any adjustments to the HORSEMEN's purse account as a result of audits, simulcast cost settlements or other events for periods prior to 2007 must be treated as if they had occurred on December 31, 2006.

4. LICENSEES and the IHHA agree that the term "recapture" shall refer to the total certified amount which "wagering facilities are permitted to receive from any amount otherwise payable to the HORSEMEN's purse account" per subsection (g-13) of Section 26 of the Horse Racing Act of 1975 as amended. The LICENSEE and the IHHA acknowledge that the "LETTER AGREEMENT RELATING TO POTENTIAL NEW SOURCES OF REVENUE" dated May 2nd, 2006 (see exhibit C attached), if effected, does supersede the provisions of this Section 4.

LICENSEES and the IHHA further agree that no certified "recapture" monies or monies intended for "reimbursement of recapture" for 2007 may be added to or subtracted from the HORSEMEN's purse account until June 30, 2007. If, at such time, the amount appropriated by the State of Illinois and approved by the Governor for "reimbursement of 2007 recapture" for the race meets covered under this agreement should fall short of the "2007 recapture" monies certified by the IRB in January 2007 as due to LICENSEES under the present law, then THIRTY-PERCENT (30%) non-reimbursed 2007 recapture (\$1,350,592.20 based on IL Racing 2006 Certification collectible in 2007 if reimbursement is 0) will be transferred to LICENSEES from the

HORSEMEN's purse account on June 30, 2007.

Transfer 70% (seventy percent) of the remaining non-reimbursed recapture for 2007 (\$3,151,381.80 (based on IL Racing 2006 Certification collectible in 2007 if reimbursement is 0) from the HORSEMEN's purse account to LICENSEES shall be referred to as deferred non-reimbursed recapture and shall be withheld from "new revenue" when it becomes available. "New revenue" is defined, for purposes of this Agreement, as revenue from any legislatively enacted non-pari-mutuel revenue source such as, but not limited to, gaming revenues other than from horse racing. If no such legislation is enacted and becomes effective on or before December 31, 2013 no amount of deferred non-reimbursed 2007 recapture shall be transferred from the HORSEMEN's purse account to LICENSEES. The transfer of this deferred balance of non-reimbursed 2007 recapture from the HORSEMEN's purse account to LICENSEES, combined with any transfer of deferred recapture from other agreements, will be limited to 50% of the HORSEMEN's purse account money received in any given year from such new revenue generated or 50% of the total non-reimbursed deferred recapture, whichever is less, until the total non-reimbursed recapture is \$500,000 or less – at which time, it becomes due and payable that year in its entirety. All deferred and recapture monies due in any given year, but unpaid as a result of these limits, shall be deferred to the following year.

If monies are appropriated and paid at any time in the future for "reimbursement of 2007 recapture," the amount due LICENSEES as deferred recapture for 2007 will be reduced by the amount paid to LICENSEES and treated as if paid on July 1, 2007. Any and all monies already transferred from the HORSEMEN's purse account to LICENSEES as recapture for 2007 shall be adjusted retroactively.

5. It is agreed that the following Section numbered 5 replaces in its entirety the paragraph numbered 4 in the 2006 agreement between IHHA and LICENSEES:

5. LICENSEES and the IHHA agree that the term “recapture” shall refer to the total certified amount which “wagering facilities are permitted to receive from any amount otherwise payable to the HORSEMEN’s purse account” per subsection (g-13) of Section 26 of the Horse Racing Act of 1975 as amended.

LICENSEES and the IHHA further agree that no certified “recapture” monies or monies intended for “reimbursement of recapture” for 2006 may be added to or subtracted from the HORSEMEN’s purse account until June 30, 2006. If, at such time, the amount appropriated by the State of Illinois and approved by the Governor for “reimbursement of 2006 recapture” for the race meets covered under this agreement should fall short of the “2006 recapture” monies certified by the IRB in January 2006 as due to LICENSEES under the present law, \$67,801 (5/318 of non-reimbursed 2006 recapture) shall be transferred from the HORSEMEN’s purse account on January 3, 2006 and THIRTY PERCENT (30%) of the remaining non-reimbursed 2006 recapture (\$1,273,293.90 if reimbursement is 0) will be transferred to LICENSEES from the HORSEMEN’s purse account on June 30, 2006.

Transfer of the remaining non-reimbursed recapture for 2006 (\$2,971,019.10 if reimbursement is 0) from the HORSEMEN’s purse account to LICENSEES shall be referred to as deferred non-reimbursed recapture and shall be withheld from “new revenue” when it becomes available. “New revenue” is defined, for purposes of this Agreement, as revenue from any legislatively enacted non-pari-mutuel revenue source such as, but not limited to, gaming revenues other than from horse racing. If no such legislation is enacted and becomes effective on or before December 31, 2012, no amount of deferred non-reimbursed 2006 recapture shall be transferred from the HORSEMEN’s purse account to LICENSEES. The transfer of this deferred balance of non-reimbursed 2006 recapture from the HORSEMEN’s purse account to LICENSEES, combined with any transfer of deferred recapture from other agreements, will be limited to 50% of the total non-reimbursed deferred recapture, whichever is less, until the total non-reimbursed recapture is \$500,000 or less – at which time, it becomes due and payable that year in its entirety. All deferred and recapture monies due in any given year, but unpaid as a result of these limits, shall be deferred to the following year.

If monies are appropriated and paid at any time in the future for “reimbursement of 2006 recapture”, the amount due LICENSEES as deferred recapture for 2006 will be reduced by the amount

paid to LICENSEES and treated as if paid on July 1, 2006. Any and all monies already transferred from the HORSEMEN'S purse account to LICENSEES as recapture for 2006 shall be adjusted retroactively.

6. It is agreed that the following section numbered 6 replaces in its entirety the paragraph numbered 4 and 5 in the 2005 Agreement between IHHA and LICENSEES:

6. LICENSEES and the IHHA further agree that no amount of money has been appropriated by the State of Illinois and approved by the Governor for "reimbursement of 2005 recapture" certified by the Illinois Racing Board in January 2005 as due to LICENSEES and that LICENSEES have not been reimbursed in full from the HORSEMEN'S purse account for all of the amounts of 2005 recapture which have been certified by the Illinois Racing Board as due LICENSEES. The LICENSEES agree to waive TEN PERCENT (10%) of the non-reimbursed 2005 recapture and not to take said TEN PERCENT (10%) out of the HORSEMEN'S purse account. On June 30, 2005, TEN PERCENT (10%) of the non-reimbursed 2005 recapture was transferred to LICENSEES from the HORSEMEN'S purse account.

An additional FIVE PERCENT (5%) of the non-reimbursed 2005 recapture plus 1.8% interest will be transferred to LICENSEES from the HORSEMEN'S purse account on JUNE 30, 2006.

An additional FIVE PERCENT (5%) of the non-reimbursed 2005 recapture plus two years of interest at 1.8% compounded annually will be transferred permanently to LICENSEES' from the the HORSEMEN'S purse account for June 30, 2007 if LICENSEES are awarded harness racing dates for 2007.

The remaining SEVENTY PERCENT (70%) of the non-reimbursed recapture (also referred to as deferred non-reimbursed recapture) for 2005 (\$3,348,577.40 if reimbursement is 0) shall not be transferred from the HORSEMEN'S purse account to LICENSEES unless and until "new revenue" becomes available. "New revenue" is defined, for purposes of this provision as any legislatively enacted non-pari-mutuel revenue source such as, but not limited to, gaming revenues other than from horse racing. If such legislation is not enacted and does not become effective before January 1, 2007, no amount of deferred non-reimbursed recapture for 2005 shall be transferred from the HORSEMEN'S purse account to LICENSEES.

- a) transfers shall not occur from revenues received from on track electronic gaming devices other than those devices used for pari-mutuel wagering on horseracing unless and until such devices are approved by the General Assembly and the Governor and become public law (and after any legal challenges are exhausted) provided that this provision shall be applicable only to and including December 31, 2007 for the year due in 2005 and if no such legislation becomes law and final on or before said date no 2005 recapture shall be transferred from revenues received from on track electronic gaming devices other than those devices used for pari-mutuel wagering on horseracing;
- b) transfers shall not occur from revenues received from the tenth riverboat casino license unless and until said license is finally awarded the right to operate (and after any legal challenges are exhausted) provided that this provision shall be applicable only to and including December 31, 2007 and if no such right to operate is awarded and becomes final on or before December 31, 2007 no 2005 recapture shall be transferred from revenues received from the tenth riverboat license.

The transfer of this deferred balance of non-reimbursed 2005 recapture from the HORSEMEN'S purse account to LICENSEES, combined with any transfer of deferred recapture from other agreements, will be limited to 50% of the HORSEMEN'S purse account money received in any given year from such "new revenue" generated.

If monies are appropriated and paid at any time in the future for "reimbursement of 2005 recapture," the amount due LICENSEES as deferred recapture for 2005 will be reduced by the amount paid to LICENSEES and treated as if paid on July 1, 2005. Any and all monies already transferred from the HORSEMEN'S purse account by LICENSEES as recapture for 2005 shall be adjusted retroactively.

7. It is agreed that the following section numbered 7 replaces in its entirety paragraph numbered 5 in the 2003-2004 Agreement between IHHA and LICENSEES entered into on March 11, 2003:

7. LICENSEES and the IHHA further agree that no amount of money has been appropriated by the State of Illinois and approved by the Governor for "reimbursement of 2004 recapture" certified by the Illinois Racing Board as due LICENSEES and that LICENSEES have not been

reimbursed in full from the HORSEMEN'S purse account for all of the amounts of 2004 recapture monies which have been certified by the Illinois Racing Board as due LICENSEES. The LICENSEES agree to waive TEN PERCENT (10%) of the non-reimbursed 2004 recapture and not to take said TEN PERCENT (10%) out of the HORSEMEN'S purse account. On June 30, 2004, TEN PERCENT (10%) of the non-reimbursed 2004 recapture was transferred to LICENSEES from the HORSEMEN'S purse account.

An additional FIVE PERCENT (5%) of the non-reimbursed 2004 recapture plus half of one year of interest at the LICENSEES' BORROWING rate established on 1/1/04 for 2004 was transferred to LICENSEES on June 30, 2005 from the HORSEMEN'S purse account.

An additional FIVE PERCENT (5%) of the non-reimbursed 2004 recapture plus two years of interest at 1.625% compounded annually will be transferred to the LICENSEES from the reserve in the HORSEMEN'S purse account on June 30, 2006.

The remaining SEVENTY PERCENT (70%) of the non-reimbursed recapture (also referred to as deferred non-reimbursed recapture) for 2004 shall not be transferred from the HORSEMEN'S purse account to LICENSEES unless and until "new revenue" becomes available. "New revenue" is defined, for purposes of this provision numbered 6, as any legislatively enacted non-pari-mutuel revenue source such as, but not limited to, gaming revenues other than from horse racing. If such legislation is not enacted and effective before January 1, 2007, no amount of deferred recapture for 2004 shall be transferred from the HORSEMEN'S purse account to LICENSEES.

The transfer of the deferred balance of non-reimbursed 2004 recapture from the HORSEMEN'S purse account to LICENSEES, combined with any transfer of deferred recapture for other years, will be limited to 50% of the HORSEMEN'S purse account money received in any given year from such "new revenue" generated. .

If monies are appropriated and paid at any time in the future for "reimbursement of 2004 recapture," the amount due LICENSEES as deferred recapture for 2004 will be reduced by the amount paid to LICENSEES and treated as if paid on July 1, 2004. Any and all monies already transferred from the HORSEMEN'S purse account to LICENSEES as recapture for 2004 shall be adjusted retroactively.

8. LICENSEES' representative and IHHA Purse Account Committee chairman or his representative shall meet at least once per month to determine what reductions, if any, should be made in the reserves maintained by Licensees in the HORSEMEN's purse account, thereby making such monies available for purses. Should they fail to reach agreement, LICENSEES shall reduce the reserve by an amount equal to the reserve divided by the number of IRB allotted race dates remaining under this Agreement. Monies from the HORSEMEN's purse account of one LICENSEE may be transferred to the HORSEMEN's purse account of another LICENSEE under memorandum agreement between the LICENSEES and with notification of the IHHA.

9. LICENSEES shall deposit (withdraw) daily from (to) their share of retained pari-mutuel handle to (from) the HORSEMEN's purse account an amount equal to .010411% (.00010411) of the previous day's purse account balance including amounts designated for purses in stake races and as reserve as defined in paragraphs 2B and 3.

10. Any adjustments to the 2007 HORSEMEN's purse account as a result of audits, simulcast cost settlements or other events after December 31, 2007 must be treated as if they had occurred on December 31, 2007. In the event LICENSEES are awarded racing dates in year, 2008 any debit (overpayment) or credit (underpayment) balance in the HORSEMEN's purse account at the end of the year 2007, after all required payments and adjustments, shall be carried forward to year 2008. In the event LICENSEES are not awarded harness racing dates for 2008 and a credit (underpayment) balance exists in the combined HORSEMEN's purse accounts at the end of year 2007 after all required payments and adjustments, the LICENSEES shall forthwith pay to the IHHA, to be administered by it for the benefit of the HORSEMEN, an amount equal to

the adjusted credit (underpayment) balance in the HORSEMEN's purse account plus interest at a rate of .010411% (.00010411) daily. In the event LICENSEES are not awarded harness racing dates for 2008 and a debit (overpayment) balance exists in the HORSEMEN's purse account at the end of year 2007 after all required payments and adjustments, the IHHA shall forthwith pay to LICENSEES an amount equal to the adjusted balance in the HORSEMEN's purse account plus interest at a rate of .010411% (.00010411) daily.

11. The LICENSEES shall send, each and every week, by facsimile machine or other electronic means, to the IHHA office, a purse account report indicating on a daily basis the total amount of monies wagered, the LICENSEES' commissions, the amount of purses earned, the amount of purses paid, any reductions or increases in amounts designated for stakes and/or in reserves, and all other transfers of monies into and out of the HORSEMEN's purse account. Reports from all LICENSEES shall use identical formats. At the conclusion of the year, the LICENSEES will furnish the IHHA a composite weekly and annual statement of summaries of all totals of the aforesaid. LICENSEES within THREE (3) months of the conclusion of the year, will furnish to the IHHA office a letter verifying the final balance in the HORSEMEN's purse account. For purposes of paragraphs numbered 2 through 10 of this Agreement, split race meetings within the same racing year will be combined and treated as one coordinated race meeting between racing associations that conduct races at Maywood Park and Balmoral Park.

12. During the term of this Agreement, the LICENSEES may conduct any stakes, including elimination and consolation, futurity and early and late closing races

requiring a nomination, sustaining, entry and/or starting payment using no more than TEN THOUSAND (\$10,000.00) DOLLARS of HORSEMEN's purse account funds per race. The LICENSEES may also conduct the stakes races, including eliminations and consolations, listed in Exhibit A of this document as long as the purses monies in excess of TEN THOUSAND (\$10,000) DOLLARS per race are paid from the purse monies in the HORSEMEN's purse account that have been designated for payment of stakes provided the purse monies used in excess of TEN THOUSAND (\$10,000) DOLLARS do not exceed the maximums specified for each race. The LICENSEES agree to furnish the IHHA a list of all such stake, futurity and early and late closing races, no later than thirty days prior to advertising and are subject to approval of IHHA, which shall not be unreasonably withheld.

13. It is agreed that FOUR THOUSAND (\$4,000.00) DOLLARS has been established as the minimum claiming price of the horses at LICENSEES' tracks.

14. The LICENSEES shall provide, without cost to the IHHA or to the HORSEMEN, policies of insurance, providing coverage for licensed USTA member trainers and/or drivers licensed by the IRB who are actively participating as drivers and/or trainers at Maywood Park or Balmoral Park, in an amount not less than ONE HUNDRED THOUSAND (\$100,000.00) DOLLARS for accidental death or dismemberment, TWO HUNDRED FIFTY THOUSAND (\$250,000.00) DOLLAR medical accident coverage for racing participants, and THREE HUNDRED FIFTY (\$350) DOLLARS per week for a period of up to 104 weeks disability insurance, covering life, injury or accident to participants during activities related to jogging, training, and the warm-up for and conduct of any race. LICENSEES shall pay any and

all deductibles and/or co-payments under said insurance policies. The LICENSEES shall provide the IHHA with copies of all insurance policies purchased and notices with respect thereto and the IHHA shall receive evidence of all premium payments.

15. From the LICENSEES' retained share of the pari-mutuel handle, the LICENSEES shall be liable for the sum of ONE HUNDRED (\$100.00) DOLLARS for each race card conducted for the payment of sulky damage claims. No payment will be made unless the owner of the sulky is a member of the IHHA at the time of loss. The IHHA and LICENSEES shall work together to insure that no abuse occurs under this paragraph and agree that all sulky damage claims must be approved by a two-person committee, which shall be named by the LICENSEES and the IHHA. Further that claims shall be paid based on the rules and guidelines adopted and incorporated into this Agreement and more fully set forth in Exhibit B attached hereto. Any monies not distributed for damage occurring prior to the end of the period covered by this agreement must revert back to the LICENSEES.

16. It is agreed that any horse that is scheduled to race from post position eight (8) at Maywood Park and is scratched prior to checking into the pre-race paddock, must draw for the outside post positions in his next start at Maywood Park if the horse's first start after the scratch is within THIRTEEN (13) days of the scratch date. If such an outside post position draw is not applied when called for due to inadvertent error, it shall be applied in the horse's first start at Maywood Park after discovery of the error.

The outside post position draw will not be applied if

A.) The horse is claimed between the scratch and its next start at Maywood Park or

B.) The first start at Maywood Park is a stakes race, in which case the outside draw will be applicable to the first start at Maywood Park after the stakes race or

C.) A horse is excused by the stewards with no penalty (e.g. Transportation). Provided, however, the provisions of this paragraph 16 are subject to IRB Rules 1312.240 and 1312.210(b).

17. The number of minimum FOUR THOUSAND DOLLAR (\$4,000) claiming races must be as evenly divided as possible between Maywood and Balmoral racetracks.

18. LICENSEES' racing secretary, shall, during all meets conducted during the term of this Agreement, have posted at all times, condition sheets for a minimum of one week's racing with new sheets published weekly no later than forty-eight (48) hours prior to the first deadline for entries on said sheet. No race may be scheduled which has not been listed on the condition sheet or specified as a condition revision on an overnight sheet.

19. Qualifying races shall be scheduled weekly, with at least one track holding morning qualifying racing if there are more than three races.

20. A representative of the IHHA may be present when the entry box is opened. The LICENSEES' Race Secretaries shall publicly announce the draw, and then wait at least ten (10) minutes to proceed with the draw. If a horseman enters a horse in more than one class, his entry must indicate the first choice for that horse. LICENSEES shall publish and consistently apply rules for the entry of a horse in a race other than the first choice indicated. No LICENSEE employee may be involved in the draw of a race or resolution of multiple claims on a particular horse if they are the spouse, parent, child or

sibling of a horseman entering in that race or involved in that claim. As required by IRB Rules 1312.210(b) and a 510.30(b) only a steward or his or her designated representative may be involved in the draw of a race or the resolution of multiple claims on a particular horse.

21. It is agreed that, from the date of execution of this Agreement until five years after the expiration of this Agreement, there may be, at the option of the IHHA, an audit, at the expense of the requesting party, by a mutually agreed accountant, of the HORSEMEN'S purse account to determine any underpayment or overpayment during the period covered by this Agreement, as the case may be. Upon completion of said audit, the parties hereto agree to fulfill their obligations as the case may be, with payment to be effected on an agreed pro-rated basis, without interest.

It is further agreed that IHHA shall provide a copy of its certified annual audit to LICENSEES immediately upon its availability.

22. The LICENSEES further agree to pay the premium on an insurance policy obtained from the Harness Horsemen International that covers perils similar to those contained in the 2005 agreement such as fire, lightning, windstorm, cyclone, tornado, explosion, earthquake or flood and all terms of such policy including coverage on all horses stabled at Balmoral Park and Maywood Park and that the LICENSEES are named in the policy as an insured, and that the insurance underwriter is legally qualified to issue policies of insurance that cover risks located in Illinois and LICENSEE will provide proof of such coverage to the IHHA upon request.

23. Recognizing the importance of post parades to the betting public, LICENSEES and IHHA agree that horses must enter the track for post parades on the

following schedule:

Temperature above 50 degrees	10 minutes before race
Temperature 32 to 50 degrees	8 minutes before race
Temperature 15 to 31 degrees	6 minutes before race
Temperature under 15 degrees	4 minutes before race

If there is precipitation or other unusual or severe weather conditions, these times may be adjusted to the specific conditions prevailing. Provided, however, the provisions of this paragraph are subject to the IRB Rule 1306.200(a) and the approval of the Presiding Judge, who is required by IRB Rule to provide his post-parade schedule to the Paddock Judge.

24. The LICENSEES hereby recognize the IHHA and its respective standing committees, as per Exhibit D attached, as being duly designated representatives of all harness HORSEMEN in all matters affecting said HORSEMEN during the term of this Agreement. The LICENSEES must be provided with a current roster of the members of said committees and their duties which may be modified during contract period.

25. LICENSEES shall provide free official programs to owners, trainers, and drivers of horses scheduled to race. These free official programs must be available in the paddock not later than one (1) hour prior to the first race. Upon request, LICENSEES shall provide the owners (or their representative) of the winning horse of a race with one electronic video copy (VCR tape or DVD) of that race at no cost to the owner, such videos to be ordered within forty-eight (48) hours after the night of the race. LICENSEES shall take such video orders for a reasonable length of time after the last race.

26. No HORSEMAN may be denied stall space or racing privileges because of membership in or activity on behalf of the IHHA or for lawful activity related to the negotiations for this Agreement. Revocation of stall space or denial of racing privileges, once allocated, must be for just cause and the reason for such revocation or denial must be set forth in writing to the HORSEMAN affected. Any revocation of stall space, once allocated, or denial of racing privileges may become subject to the provisions of Paragraph 51 of this Agreement.

27. The IHHA and LICENSEES agree that for trainers or owners that have not had 10 starts at Balmoral Park or Maywood Park in 2006 or 2007 or 20 starts in 2005 and 2006 or 2006 and 2007 combined, horses entered in a race with a purse less than that of a \$14,000 claiming race shall not be accepted to race unless ICF or Illinois owned. Horses entered in races for non-winners of a specific number of races lifetime shall be excepted from this restriction. The \$14,000 claiming price threshold will increase to \$20,000 if purses are raised by 25% or more. **NOTE:** The conditions of this Section 27 shall not be effective until the purses are increased by a minimum of 15% more than those purses set forth in condition sheet dated December 8, 2006.

28. The LICENSEES agree that stall/racing application forms, if modified from those used during 2006, will not be printed or distributed for any meet conducted during the term of this Agreement, and the succeeding year, until such time as it receives approval from the IRB as to the form and content of said modified stall/racing application form. Proposed modifications of the stall/racing application form must be provided to the IHHA not less than 30 days prior to submission to the IRB.

29. IHHA and LICENSEES agree that full fields provide more competitive racing, meet with the approval of racing fans and IRB rules, and enhance pari-mutuel handle, purses, and state revenue. IHHA, therefore agrees that it will fully support up to five races on any one given program at Maywood Park with nine horse fields. LICENSEES agree to add THREE HUNDRED (\$300.00) DOLLARS from their retained share of the pari-mutuel handle to the purse for each such overnight race at Maywood Park with nine horses .actually racing. Nine horse fields in overnight races shall be limited to races with a claiming price of FIFTEEN THOUSAND (\$15,000) DOLLARS or less. Overnight races to be conducted at Maywood Park with nine horse fields shall be clearly identified on the weekly condition sheet.

30. The LICENSEES and the IHHA shall mutually agree on the Outrider and said Outrider must be on duty each day during racing hours as required by IRB Rule 1305.230, including, but not limited to, pari-mutuel, qualifying and non-betting races. In the event the Outrider is not available, racing may take place with the mutual consent of the IHHA Drivers Committee and the LICENSEES, provided that the Board of Stewards is unable to approve a substitute outrider for the emergency under IRB rule 422.70.

31. The terms and conditions of this Agreement apply and pertain only to race meets conducted by the LICENSEES at their respective facilities. In the event the LICENSEES race at any other racetracks, all terms and conditions provided in this Agreement shall be of no force and effect and not binding upon either party with respect to race meetings conducted at such other racetrack, unless mutually agreed except any non-reimbursed recapture still due to LICENSEES shall be portable with LICENSEES. Negotiations of a new Agreement with respect to such other racetracks must be

commenced by either party upon written request therefore.

32. Prior to the LICENSEES entering into any agreement with any third party, whereby the LICENSEES receive additional income or revenues by reason of the receiving (except with respect to simulcasts to the extent expressly provided by statute) or transmissions of any signal, electronic or otherwise, or any other type of coverage relative to harness racing, the LICENSEE shall provide any agreement with third party for IHHA review, and, the parties covenant and agree they shall enter into good faith negotiations to determine the HORSEMEN's share in such revenue income, if any. In the event that no agreement is reached, then and in that event, the LICENSEES must not conduct any of the foregoing, to wit: cable casting, commercial broadcasting, simulcasting, or any other form of signal transmission or reception. The negotiations referred to in this paragraph refer only to the subject matter of the within paragraph. The remainder of the Agreement shall remain in full force and effect.

33. The LICENSEES may assign a stall person to coordinate the LICENSEES' allotment of stalls and placement of horses. The stall person will confer with any duly authorized representative of the IHHA if requested.

34. The LICENSEES and the IHHA agree that the tracks shall make all reasonable effort to be open seven (7) hours per day, six (6) days per week for training, during the weeks when the Licensees are conducting live races and conditions permit. The LICENSEES shall also provide, at no charge to horsemen, stall facilities with appropriate utilities at Maywood Park and Balmoral Park for horses racing at those tracks during the those times when the LICENSEES are conducting live races at Maywood Park

and Balmoral Park.

35. The LICENSEES agree to pay for, or otherwise provide to the IHHA, a one-half page advertisement in each printed race program, provided space is available. Content of such advertisements will be provided by the Public Relations Committee of the IHHA subject to approval by LICENSEES.

36. The LICENSEES shall furnish office space at no charge to the IHHA to be used by the IHHA Field Representative.

37. The LICENSEES shall have bulletin boards in the track kitchen, race office or other suitable location. The bulletin board must have a lock and a key must be placed under the control of an IHHA representative. The bulletin board shall be used for posting official IHHA and LICENSEES' notes and communications to backstretch personnel. The person in charge of the bulletin board must maintain the board in a clean, orderly and professional manner.

38. The LICENSEES shall furnish, at the beginning of each meeting, various items of paddock equipment as required under the IRB rules. The LICENSEES agree to set up a procedure whereby the paddock judge would check in and out said equipment in order to account for the same. The LICENSEES shall provide adequate number of stalls for all entrants (horses) in the usual single paddock which shall accommodate all horses programmed to race in the program. The number of stalls to be provided in the usual single paddock shall be equal to the total number of entrants in such program.

39. The LICENSEES shall make available a track kitchen, paddock kitchen and/or mobile catering for the backstretch HORSEMEN at a level at least equal to that available in October of 2006

40. An Inclement Weather Committee or other designated representative of the IHHA must be selected and shall advise whether or not weather conditions may cause a cancellation of a carded event. Those decisions shall be made, along with representatives of the IRB and track management, by no later than 12:00 p.m. (NOON) prior to the scheduled post time of the first race excepting in the case of matinee (afternoon) programs, then such decision shall be made at earliest possible time prior to scheduled post time of first race. The committee's decision must be considered final, if permitted by Rule 1314.30 of the IRB rules. It is agreed that if the weather is predicted by the National Weather Service to be at or is at thirty degrees below zero wind chill factor at post time, and if the committee decides to race, then any driver not wishing to drive or any trainer who wishes to withdraw his entered horse with permission of the Stewards, due to cold weather, will do so at no penalty to himself and in the case of the driver, the trainer may replace the driver without penalty.

41. LICENSEES and the IHHA recognize the importance of advertising to the general public in various forms and through various media and that LICENSEES' promotion of the harness racing industry is vital to the success of the parties hereto and other members of, and participants in the industry. Therefore, LICENSEES agree as follows:

- A.) To use their best efforts to advertise and promote horse racing.
- B.) To use their best efforts to keep prices of parking, admission, programs, food and other merchandise sold on LICENSEES' property at the lowest practicable level for the general public.
- C.) To utilize their best efforts to insure adequate betting window attendance

in order to prevent "shutouts" in the betting lines.

D.) To train and indoctrinate all racetrack personnel toward the end of improving customer-fan relations, attitudes, and participation in race track activities.

Additionally, the IHHA recognizes its role in the marketing and promotion of the harness racing industry and agrees as follows:

A.) To support LICENSEES in their marketing efforts by agreeing to use their best efforts to make certain HORSEMEN available for interviews, promotions, etc, including but not limited to, twenty five one hour appearances by top ten drivers. All such requests are to be reasonable and proper.

B.) To work closely with its membership in promoting track events, ownership seminars, etc.

C.) To develop and implement marketing plans and promotions that complement LICENSEES marketing plans and to work closely with LICENSEES throughout the year with regard to marketing.

42. It is hereby acknowledged by the LICENSEES and IHHA that in order to help maintain the integrity and safety of racing, it is necessary to conduct spot testing of drivers, trainers and caretakers, involved in a scheduled race program, relative to the use and abuse of controlled substances. The LICENSEES and IHHA mutually agree to support and develop the testing program and timing of such testing and to strictly adhere to all Governmental Laws and guidelines relative to such testing. It is also agreed that the drug-testing program is intended to be a remedial one. Any costs of such testing must be borne by LICENSEES.

43. It is hereby acknowledged by the LICENSEES and IHHA that in order to

maintain the highest possible level of racing competitiveness and safety, driver standards need to be instituted. LICENSEES and IHHA agree to establish a committee made up of equal representation from both parties, to explore and determine exactly what these standards should be and how they should be enforced.

44. In recognition of the importance of integrity in racing to the success of our industry:

A. LICENSEES and the IHHA agree that when the IRB suspends a trainer for a period of forty-six (46) days or more for a violation of IRB medication rules, no horses in his care may be entered and raced by another trainer for at least ten days. A different licensed trainer may enter said horses on the 11th day starting with the day when the suspended trainer may no longer enter horses because of the start of the suspension. When the IRB suspends a trainer for a period of less than forty-six (46) days for a violation of IRB medication rules, no horses in his care may be entered and raced by another trainer for at least five days. A different licensed trainer may enter said horses on the 6th day starting with the day when the suspended trainer may no longer enter horses because of the start of the suspension. Horses being entered in Stakes races with a purse equal to or greater than \$15,000 and/or a nominating payment are exempt from this provision and may be entered and raced by a different trainer.

B. LICENSEES and the IHHA agree that if a trainer is penalized two times in a six month period for a violation of IRB Section 603 (medication rules) and receives two suspensions, the number of days of the two suspensions shall be averaged and for that number of days post suspension all horses trained by that person shall be required to be in the designated security barn by noon the day of the race each time they race. A \$25

security fee shall be charged for each horse racing with a maximum of \$100 per trainer per night.

It is further agreed that violations in 2006 shall be considered a part of this sub-paragraph. Violations in 2007 shall be carried forward into 2008 if this sub-paragraph is included in the 2008 agreement between the parties.

C. LICENSEES and the IHHA agree that if a trainer is penalized for a violation of IRB Section 603 (medication rules) three or more times and receives three suspensions within a six month period all horses trained by that person shall be stabled on the grounds of the racetrack for a six month period.

It is further agreed that violations in 2006 shall be considered a part of this sub-paragraph. Violations in 2007 shall be carried forward into 2008 if this sub-paragraph is included in the 2008 agreement between the parties.

D. LICENSEES and the IHHA agree that the actual trainer of every horse should be listed in the program. This correctly tells the wagering public who is in charge of each horse. More importantly, it places the responsibility for each horse on the person who in fact benefits from it. A programmed trainer, with reasonable cause, shall be required to provide evidence that he/she is the trainer. A two-person committee consisting of one person designated by LICENSEES and one person designated by the IHHA may investigate and review the facts. Provided, however, any individual, committee or organization with information that a person listed in the racing program as trainer of a horse is, in fact, not the trainer of the horse should immediately report such information to the Board of Stewards for their investigation, inquiry and official.

E. LICENSEES and the IHHA agree to jointly petition the IRB to conduct a

pre-race Blood/Gas testing program. If the IRB does not begin such a testing program, both parties agree to negotiate a non-IRB implemented pre-race Blood/Gas testing program. Said testing to begin only when both parties have agreed on the details of such a program.

45. LICENSEES and IHHA acknowledge the importance of the maintenance and upkeep of all barns and barn areas. Both parties agree to establish within 30 days of execution of this Agreement, an incentive reward program for trainers consisting of a \$75.00 dinner gift certificate redeemable in either Balmoral or Maywood Dining Room to maintain their assigned barns and stalls in a clean and orderly fashion. This incentive program will reward those trainers, on a monthly basis, who have gone above and beyond in maintaining their assigned areas. LICENSEES and IHHA also recognize their roles in maintaining all backstretch areas. LICENSEES and IHHA therefore will form a joint committee with the express purpose of developing the previously mentioned incentive program and to act as a "Quality Control" board with respect to the cleanliness and maintenance of the backstretch.

46. LICENSEE'S race offices shall be open and adequately staffed to receive entries by phone or in person from 9:00 a.m. to 12:00 noon every day which has a deadline for entries at that office, except that Saturday hours may serve for Sunday entry deadlines. They shall also be open and adequately staffed for this purpose, for one and one-half (1.5) hours prior to the actual deadline for entries when such deadline is Noon or later and for two (2) hours prior to the actual deadline for entries when such deadline is before Noon.

47. LICENSEES must schedule a minimum of seventy-seven (77) races per

week in each week for which they have been awarded seven (7) days of race programs and shall schedule a minimum of seventy-two (72) races per week for which they have been awarded six (6) race programs. LICENSEES must schedule a minimum of ten (10) races in each race program unless mutually agreed to by the LICENSEE and IHHA and approved by the IRB.

48. LICENSEES shall provide authorization for the release, by the totalizator companies involved, of wagering data from the totalizator companies directly to the IHHA. The data must be in electronically readable format and must include data on all wagers contributing to the HORSEMAN'S purse account. Such authorization must be in writing or any other form required by the totalizator companies.

49. LICENSEES agree that no multi-horse wagers not currently available to the public will be offered to the public or submitted to the IRB for approval without prior approval of the IHHA. IHHA agrees that it will not unreasonably withhold its approval of such new wagers.

50. LICENSEES and the IHHA agree to form a grievance committee to resolve any and all disputes pertaining to, and only to, violations of this Agreement between LICENSEES and individual horsemen, the HORSEMEN as a group and/or the IHHA. Any horseman and / or the IHHA may file a grievance or complaint alleging a violation, misrepresentation and / or misapplication of this Agreement. This grievance committee shall consist of two people identified by LICENSEES and two people identified by the IHHA. LICENSEES and the IHHA further agree that disputes which are not resolved by the grievance committee shall be jointly submitted and resolved by binding arbitration in Chicago, IL under the rules of the Federal Mediation and Conciliation Service. Cost of arbitration (arbitrator, FMCS and court reporter fees and

transcripts) shall be shared equally by LICENSEES and the IHHA. In the event there is an arbitration hearing each party will be limited to one day of testimony in front of the arbitrator. Each party shall bear their own attorney fees and expenses.

51. The grievance and mediation procedures described above shall not apply to disputes arising from an exclusion or denial of racing privileges of any horseman by the LICENSEE. Instead, disputes concerning exclusions by the LICENSEE shall be resolved by the Board of Stewards. The Board of Stewards decisions shall be final and binding, except that the horseman shall retain all rights devolved from section 5/9(e) of the Horse Racing Act.

52. LICENSEES shall provide an on track ambulance during racing, including qualifiers, which meet all requirements for transportation of injured or ill horsemen to off track hospitals. Determination of when to use the on track ambulance for transportation and delay racing and when to call for another ambulance and delay transportation shall be made on a case by case basis.

53. This Agreement must be binding and inure to the benefit of the successors and assignees of the parties. The above and foregoing constitutes the entire Agreement between the parties hereto. Any modification and amendment thereof must be in writing and signed by the parties and their duly authorized agents or representatives.

54. Notwithstanding any provisions of this Agreement, all races at LICENSEES' racetracks shall be conducted under the Rules and Regulations of the Illinois Racing Board as required by Section 200.10 of the Board's rules and the conditions of LICENSEES' organization licenses.

IN WITNESS WHEREOF, the parties have entered into this Agreement this ____ day of _____, 2007.

ILLINOIS HARNESS HORSEMEN'S ASSOCIATION

By: _____

BALMORAL RACING CLUB, INC.

By: _____

MAYWOOD PARK TROTTING ASSOCIATION, INC.

By: _____

ASSOCIATES RACING ASSOCIATION, INC.

By: _____

Exhibit A
Stakes

To Be Inserted

Exhibit A
Stakes

To Be Inserted

Exhibit A
Stakes

To Be Inserted

EXHIBIT B

SULKY INSURANCE

Sulky Insurance at Maywood Park and Balmoral Park will be limited to sulkies only (no jog carts or wheels). Damage must be incurred while on the race course between the start of the post parade and the end of an actual race (including qualifiers).

Damaged sulkies will be paid for per the following schedule:

Sulky Age	Amount Covered
0-2 years	\$1500.00
3-4 years	\$1200.00
5 years and older	\$900.00

Claims must be approved by the appointed committee within thirty (30) days of the accident or claim will not be paid.

Exhibit C
5/2/2006 Letter

To Be Inserted

Exhibit C
5/2/2006 Letter

To Be Inserted

Exhibit C
5/2/2006 Letter

To Be Inserted

Exhibit C
IHHA Committees

To Be Inserted