

2019 AGREEMENT
SUBURBAN DOWNS, INC. AT HAWTHORNE RACE COURSE, INC.

This agreement is 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 SUBURBAN DOWNS, INC. authorized to do business in Illinois (hereinafter referred to as "LICENSEE").

WITNESSETH:

WHEREAS, LICENSEE is an organization licensed by the Illinois Racing Board to conduct, and is engaged in the business of conducting pari-mutuel harness race meetings at Hawthorne Racecourse; and,

WHEREAS, the IHHA is a voluntary association of independent contractors who are owners, breeders, trainers, drivers and caretakers (grooms) of harness horses (HORSEMEN); and,

WHEREAS, the IHHA represents that it has been designated by a majority of the HORSEMEN to represent all HORSEMEN racing at LICENSEE'S track 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 insuring the continuity of harness racing at LICENSEE'S track for 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 all harness race meetings to be conducted by LICENSEE for the year 2019.

2. From LICENSEE'S retained share of the pari-mutuel handle, as provided for by the laws of the State of Illinois, LICENSEE must pay to a HORSEMEN'S daily purse account, moneys as specified in the Horse Racing Act of 1975 as amended. From the HORSEMEN'S daily purse account payments must be made by LICENSEE as follows:

A. LICENSEE agrees to pay to the IHHA, in amounts totaling \$584,000 dollars and in the daily amount of one thousand six hundred (\$1,600) dollars per day from January 1 through December 31 of 2019. LICENSEE 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 twenty-one (21) days after weekly billing. For each invoice payment made after twenty-one (21) days, LICENSEE shall pay from LICENSEE'S share of the pari-mutuel handle to the IHHA an amount equal to twenty-five dollars (\$25.00).

B. To purses for stakes and late closers, including eliminations, legs and consolation races, in the specific amounts identified in Exhibit A unless mutually agreed to by the IHHA and LICENSEE. All nominating, sustaining, entry and starting payments shall be held for the benefit of entrants and shall be paid out as part of the respective purses for such races. Deductions may not be made from nomination, sustaining, entry 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 LICENSEE and the IHHA. At the request of the IHHA, LICENSEE shall provide to the IHHA a compilation listing of all nominating, sustaining, entry and starting payments, and an audit report indicating individual purses paid for stakes as listed along with source of purse monies paid for those respective races.

C. To races other than ICF stakes and late closers (2B), the purses paid will initially be those in effect at the end of racing in 2018 plus 15-20% (subject to reasonable rounding). This shall include a 12% purse bonus paid from the HORSEMEN'S purse account to any Illinois Conceived and Foaled (ICF) horse finishing first, second or third in races open to non-ICF horses where no entry, nominating or starting fees are paid. Races where no entry, nominating or starting fees are paid that are limited to ICF horses shall have the entire purse increased by TEN PERCENT (subject to reasonable rounding). LICENSEE'S Race Secretary must make every possible effort to avoid the use of multiple, secondary or also eligible conditions. Purse account representatives of LICENSEE and the IHHA shall meet monthly, beginning on or about the 15th of June through the beginning of September to determine a projection of the balance of the purse account at the end of 2019. If the joint projection indicates a year end negative balance (overpayment) of more than \$600,000, the parties will jointly determine an appropriate reduction in overnight purses to bring the projected overpayment to less than \$600,000. If the joint projection indicates a year end positive balance (underpayment), the parties will jointly determine an appropriate increase in overnight purses to create a projected year end purse account balance of zero (\$0). All decreases/increases to the overnight purses will be in equal percentages (subject to reasonable rounding) to all classes unless otherwise agreed to by LICENSEE and the IHHA.

D. When an excess of horses enter an overnight race, preference shall be determined using the standard "least recently raced" methodology. For entered horses with the same most recent race date, preference will always be given to ICF horses.

3. Underpayment/Overpayment of Purses – LICENSEE will use best efforts, subject to paragraph 2C of this Agreement, to collect and distribute all purses earned, after deduction for stakes, IHHA fees and recapture, to overnight purses in amounts determined by management to minimize any significant underpayment at the conclusion of 2019. To the extent an underpayment of purses exists at the conclusion of 2019, and LICENSEE does not conduct a harness meeting in 2020, then LICENSEE shall pay such underpayment to the successor's harness horseman's purse account for 2020. In the event no successor

receives harness race dates for 2020, LICENSEE and the IHHA shall jointly determine the best and fairest method for using such underpayment to the benefit of horsemen. To the extent an underpayment exists and LICENSEE is awarded dates for 2020, then such underpayment will be carried forward and credited to the harness purse account of LICENSEE for 2020. To the extent an overpayment of purses exists at the conclusion of 2019, and LICENSEE does not conduct a harness meeting in 2020, then repayment of such overpayment will be made from the successor's harness horseman's purse account for 2020. To the extent an overpayment exists at the conclusion of 2019 and LICENSEE is awarded dates for 2020, then such overpayment will be carried forward and charged to the harness purse account of LICENSEE for 2020.

4. LICENSEE must provide transportation from the areas of the backstretch to the areas of the front stretch for all horsemen, their grooms and their equipment as necessary.

5. LICENSEE must send, for each and every week of 2019, to the IHHA office, a purse account report in a form and format to be agreed on. At the conclusion of the year, LICENSEE will furnish the IHHA an annual statement of summaries of all totals of the aforesaid. LICENSEE, within SIX (6) months of the conclusion of the year, will furnish to the IHHA office a letter verifying the final balance in the HORSEMEN'S daily purse account.

6. From LICENSEE'S retained share of the pari-mutuel handle, LICENSEE shall be liable for the sum of ONE HUNDRED FIFTY (\$150.00) 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 LICENSEE 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 LICENSEE and the IHHA. 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 LICENSEE.

7. LICENSEE'S racing secretary shall have posted at all times condition sheets for a minimum of one week's racing with new sheets published weekly no later than twenty-four (24) 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.

8. Qualifying races shall take place the same scheduled day and time of each week, weather permitting. Schedule additions and/or changes shall be allowed by mutual consent of LICENSEE and the IHHA.

9. A representative of the IHHA may be present when the entry box is opened. LICENSEE'S racing secretary must publicly announce the draw, and then wait at least twenty (20) 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. LICENSEE must publish and consistently apply rules for the entry of a horse in a race other than the first choice indicated.

10. LICENSEE agrees to pay the premium on an insurance policy covering perils such as fire, lightning, windstorm, cyclone, tornado, explosion, riot, earthquake, or flood, provided that the terms of such policy includes coverage on all horses stabled at Hawthorne Race Course, up to FIFTEEN THOUSAND DOLLARS (\$15,000) for any one horse, except that unraced horses aged one year eight months or older are limited to FIVE THOUSAND DOLLARS (\$5,000) per horse, and TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000) per occurrence, that LICENSEE is 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. As a condition to LICENSEE'S liability for premiums, the IHHA agrees that it will deliver, to LICENSEE, a duly executed copy of the policy, together with evidence from the Illinois Department of Insurance that the said underwriter is legally qualified and registered to insure risks located in Illinois. In lieu of paying premiums on a policy issued by an underwriter selected by the IHHA, LICENSEE may provide similar coverage on all horses stabled at Hawthorne Race Course under a policy issued by an underwriter selected by LICENSEE, provided LICENSEE must furnish the IHHA with evidence of such coverage and of the underwriter's qualification to issue such policy on risks located in Illinois.

11. LICENSEE must provide free official programs to owners, trainers, and drivers of horses scheduled to race. These free official programs must be available in the paddock and race office no later than one (1) hour prior to the first race.

12. LICENSEE and the IHHA agree that horses entered in races with nominating, entry and/or starting fees must meet all and only those conditions published for said races. Horses entered in overnight races with no nominating entry or starting fees must meet published qualifying standards and reasonable standards of competitiveness. Preference shall be accorded certain horses entered in overnight races with no nominating entry or starting fees as defined in paragraph 2D.

13. LICENSEE and the IHHA mutually agree that the track must be open six (6) hours per day, seven (7) days per week for training and/or qualifying races during the weeks when LICENSEE is conducting live races and conditions permit, with specific hours to be agreed to by LICENSEE and the IHHA. LICENSEE shall also provide, at no charge to horsemen during live racing, stall facilities with appropriate utilities at Hawthorne Racecourse for horses racing there during those times when LICENSEE is conducting live races at Hawthorne Racecourse.

14. LICENSEE must furnish office space at no charge to the HORSEMEN to be used by the IHHA Field Representatives.

15. HORSEMAN BOOKING SERVICES: LICENSEE and the IHHA agree to split the cost of bookkeeping services 50/50, inclusive of payroll. Payment for 50% of the cost of the bookkeeping services will not be deducted from the standardbred purse account. LICENSEE or "InCompass" will send a bill to the IHHA on a monthly basis.

16. LICENSEE must furnish at the beginning of each meeting various items of paddock equipment as required under the IRB rules. LICENSEE agrees to set up a procedure whereby the paddock judge would check in and out said equipment in order to account for the same.

17. LICENSEE must make available a track kitchen which shall be open until the conclusion of the last race on any night when racing occurs at Hawthorne Racecourse.

18. RACES PER WEEK: LICENSEE will conduct a minimum of 38 races per week in any week with four race dates awarded and a minimum of 30 races per week in any week with three race dates awarded. Provided, however, that if there are insufficient horses entered to conduct such races this schedule may be amended. For purposes of this paragraph, "insufficient horses entered" shall be defined as fewer than 70 horses entered for a particular race date. On any date in which insufficient horses (69 or less) are entered at the time the entry box is closed, LICENSEE agrees to immediately notify the IHHA of the lack of entries and to extend the time allowed for entries by four hours to allow the IHHA to assist LICENSEE'S race office in reaching out to trainers to attempt to procure a sufficient number of horses. Should a race card not fill following an effort to procure a sufficient number of horses, LICENSEE agrees to add additional races (when applicable) to the remaining cards during that same week where a sufficient number of horses are available.

19. LICENSEE'S condition sheet must be date specific. No races shall be listed that do not correspond with one specific date. For example, a \$10,000 claiming race to be run on Saturday or Sunday is not acceptable. Provided, however, that if a race date is cancelled due to insufficient entries, races scheduled for the date cancelled may be carried over to another date that week by amending the condition sheet for the subsequent date. LICENSEE shall fax or e-mail to the IHHA the condition sheet and the overnight sheet as soon as available.

20. STANDARD BRED SHIPPING: No horse shall be permitted to exit the track unless a sign out sheet is signed by authorized trainer or authorized trainer representative. The sign out sheets at the Hawthorne stable gate will contain in part, "Shipping a horse with the intent to send to a slaughterhouse facility is strictly forbidden and will result in revocation of racing privileges"

21. LICENSEE agrees to pay the legally mandated twelve and one half percent breeder's awards. In consideration of the 2019 racing schedule, the first payment will be made before August 15 for all races conducted in May and June. The second and final payment for the year will be made before November 15 for the remaining races of the year (July, August, and September). If licensees fail to pay the awards by the agreed upon date, then there will be an added 5% penalty paid to each owed breeder.

22. LICENSEE 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 Hawthorne Racecourse, 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 FIVE HUNDRED (\$500) 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. LICENSEE shall pay any and all deductibles and/or co-payments under said insurance policies. LICENSEE 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.

23. It is agreed that FOUR THOUSAND (\$4,000.00) DOLLARS has been established as the minimum claiming price of the horses at LICENSEE'S track unless otherwise agreed to by LICENSEE and the IHHA.

24. 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.

25. 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.

26. LICENSEE agrees 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 LICENSEE.

27. LICENSEE'S race offices shall be open and adequately staffed to receive entries by phone or in person.

28. In the event of inclement weather that may cause a cancellation of a carded event, LICENSEE and the IHHA, along with representatives of the IRB where appropriate, will meet to make a decision at earliest possible time prior to scheduled post time of the first race. Such decision shall be made prior to noon where possible. 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 the parties decide 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.

29. LICENSEE shall, upon written request of the IHHA, provide a copy of any single day's wagering data from the totalizator companies involved.

30. Any horseman and / or the IHHA may file a grievance or complaint alleging a violation, misrepresentation and / or misapplication of this Agreement. LICENSEE and the IHHA agree to resolve any and all disputes pertaining to, and only to, violations of this Agreement between LICENSEE and individual horsemen, the HORSEMEN as a group and/or the IHHA via a joint LICENSEE and IHHA review panel. This

LICENSEE and IHHA review panel shall consist of two people identified by LICENSEE and two people identified by the IHHA. LICENSEE and the IHHA further agree that disputes which are not resolved by the review panel 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 LICENSEE 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.

31. LICENSEE shall provide an on track ambulance during live racing, including qualifiers, which meet all requirements for transportation of injured or ill horsemen to off track hospitals. Said ambulance will be manned at any time horses are on the track for either live racing or qualifiers. 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.

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

ILLINOIS HARNESS HORSEMEN'S ASSOCIATION

By:_____

SUBURBAN DOWNS, INC.

By:_____

Exhibit A: Stakes to be inserted. See separate file.

Exhibit B: Sulky Insurance details to be inserted. See separate file.