



Maryland Horse Council  
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[www.mdhorsecouncil.org](http://www.mdhorsecouncil.org)



June 14, 2010

Dennis Mills, CEO MI Development, Inc. (MID)  
455 Magna Drive  
Aurora, Ontario  
L4G 7A9  
Canada

Peter Carlino, CEO Penn National Gaming, Inc.  
825 Berkshire Blvd. Suite 200  
Wyomissing, PA 19610

Dear Mr. Mills and Mr. Carlino,

Members of the Maryland Horse Council work hard to promote and support the part our state's horse industry that is directly involved with Thoroughbred racing. We have supported slots as a way to enhance purses and to revitalize racetracks both in our legislative efforts and our grass roots political organizing.

The decisions that your companies make in the coming year will determine how much support racing receives from slots in the future. Constructive cooperation between your people, the various players in the Maryland horse industry, and our state and local elected officials is crucial. Efforts to take away racing's cut of slots revenue will grow each year, and our political strength and unity is our only effective defense.

Magna's decision to withhold its application fee for slots at Laurel Park left the Maryland Jockey Club (MJC) in a weak position with respect to state government. Most legislators expected Laurel to win the license for the state's largest and most lucrative casino, but now that a Maryland-based company with a successful track record in gaming has won that license and is prepared to break ground, your efforts to block the project have the potential to make Maryland's horse industry appear to be spoilers of the very initiative that we created. The showdown over zoning for slots in Anne Arundel County has the potential to drive a wedge through the state's coalition of racing supporters and to alienate many of the politicians who worked hard for slots and have supported the horse industry.

The question that horsemen and their supporters face today is whether to support or oppose your effort to overturn slots zoning in Anne Arundel County. Attached is a survey that we mailed recently asking that question of our members as well as owners, trainers, jockeys and others licensed by the Maryland Racing Commission. The survey was distributed with the attached background piece and was mailed just before the partnership with Penn National was announced.

The question of most relevance was Number 4. Sixty-three percent of 314 respondents said that our organization should *support* the “zoning for slots in Anne Arundel County throughout the area that voters approved in the 2008 statewide referendum (including Arundel Mills).” Twenty-five percent said that we should *oppose* that zoning and twelve percent had *no opinion*.

The decision to oppose Anne Arundel County’s slots zoning law is a complex one, and we do not expect an opinion survey to be a deciding factor either for your management team or our Board of Directors. Taken in the context of how it was presented, however, the survey shows that horse people are divided and that they will not automatically follow the lead of the MJC on this issue.

Consider the following.

1. Slots at Arundel Mills would annually generate a projected \$35 million for purse enhancements and \$12.5 million in racetrack renewal funds. Analyses of the benefits of slots to racetracks suggest strongly that it is the purse enhancements that increase the handle rather than the presence of casinos at the tracks. Casinos at tracks seem not increase attendance at the races and they do not increase the handle because racing and slots attract different people for different reasons. Casinos compete with each other, not with horse racing. Penn National Gaming knows this better than anyone.
2. Slots at Arundel Mills would annually generate a projected \$250 million to the state’s Education Trust Fund and \$27.5 million to Anne Arundel county. If the horse racing industry is perceived as the cause of a delay in getting that revenue stream started, state legislators will most likely argue that horse racing should repay taxpayers by losing its 9.5% of slots revenue or some significant part of it.
3. MJC has said that it will close Laurel Park if it does not get a casino license. Those of us who worked hard to win the slots law here are dumbfounded that you would make this threat when we are so close to receiving slots subsidies. Our survey shows that if you were to attempt to close the track and develop the land, 93% of respondents want us to ask our governor to seize Laurel Park and auction it to a buyer who will commit to racing, pursuant to the 2009 law that our legislators passed to address this scenario.

We understand that both Penn National Gaming and MID must answer first and foremost to stockholders. Penn National benefits by blocking a large casino at Arundel Mills that would compete for business with its nearby casinos at Charlestown, Penn National and Cecil County, MD. MID stockholders expect company management to develop all real estate in their portfolio

to its most profitable use, and racing at Laurel may not be that use. Investing millions in a fight against zoning for slots at Arundel Mills makes sense if losing means you can sell MJC assets and leave Maryland with a profit. Marylanders, however, are unlikely to allow their horse racing industry to be dismantled easily.

Consider what a referendum campaign in Anne Arundel County might look like.

1. A coalition will be formed including civic organizations that benefit from government money, schools, police and fire departments, the county taxpayers association (which has already filed a suit that could block the referendum), business interests throughout the state and their chambers of commerce, and the financial backing of Cordish Companies and other businesses who expect to benefit from Maryland Live! Casino at Arundel Mills.
2. The editorial boards of both the Baltimore Sun and the Annapolis Capitol have already shown support for the Arundel Mills casino and opposition to your efforts to overturn the zoning law.
3. Your campaign will be portrayed in ways that hurt the reputations of your companies and the reputation of the Maryland Jockey Club and the horse racing industry. Some have projected that the money spent will set records at the county level.
4. Your coalition will need to mobilize the 40% of voters in our county who oppose slots anywhere. The work that you do to inspire these people to vote in November will also mobilize them to oppose slots at Laurel Park.

Even if you win the referendum, many people in Anne Arundel County government believe that chances for slots at Laurel are still very slim. County Executive Leopold has argued that state law does not allow the county to zone for slots in an area that excludes Arundel Mills. Whether he is right or wrong, nobody doubts that Cordish will pursue that argument in the courts. The County Council will have at least three new members by the time a new zoning ordinance could be introduced. Councilman Benoit represents Laurel Park's district and is opposed to slots at the track. He is so popular that as of today nobody has announced plans to run against him in November. Council members tend to vote with the representative whose district is most affected by a project. If they defer to Councilman Benoit, Laurel will almost certainly not be zoned for slots.

We were heartened to read in the newspapers that MID would seek input from horsemen and the public on its business plans for Maryland's racetracks. Toward that end we respectfully request that you meet privately in the coming weeks with a group that would include representatives of the Maryland Horse Council, the office of the Anne Arundel County Executive, members of the Anne Arundel County Council, the Office of the Governor, and if you and others concur, the Cordish Companies. The purpose of this meeting would be for all parties to air their concerns

about progress toward slots implementation in Anne Arundel County, and to explore opportunities that might prevent outcomes that benefit nobody. If you agree to such a meeting we will work with you to arrange a time and a place.

Please be assured that regardless of what strategic decisions you make on slots licensing in Anne Arundel County, the Maryland Horse Council will support the Maryland Jockey Club consistently and with vigor in its efforts to promote horse racing. All of the horse industry in our state suffers when Thoroughbred racing declines, and regardless of any strategic disagreements within our ranks we remain united in our cause.

Sincerely,

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Enclosures (2)

Cc:  
Tom Chuckas (Maryland Jockey Club)  
Alan Friedman (Office of County Executive Leopold)  
Matt Gallagher (Office of The Governor)  
Rob Burk (Maryland Horse Industry Board)