

## 2014 Quarter Horse Breed Development Program

*Approved by Quarter Horse Breed Development Advisory Committee on December 19, 2013.  
Approved by the Indiana Horse Racing Commission on March 5, 2014.*

The Quarter Horse racing industry in Indiana is continuing to grow and improve each year. When looking at the program for the year 2014, the Committee continues the task of improving a program which already has a strong foundation while maintaining a balance with the open racing program. If anything, the success of this program continues to give the committee some challenges when trying to stay within the available budget. At the recommendation of the IHRC staff, the Committee will be maintaining a reserve of \$250,000 in the fund to allow for any items which go over budget. In developing this proposal, the Committee held public meetings and worked closely with Indiana Downs and the QHRAI.

### Budget Overview

#### Projected Revenue:

Projected Slots Revenue for 2014	\$1,238,838
Revenue From Outs	\$40,000
Revenue From Breakages	\$35,000
<b>Projected Revenue for 2014</b>	<b>\$1,313,838</b>
Amt. Needed to Meet Reserves	\$241,580.36
Amt. Allocated to Administrative Exp.	\$28,000
<b>Amt. Available for 2014 Program</b>	<b>\$1,044,257.64</b>
<i>*Slots revenue predicted based on estimated 2013 calendar year revenue.</i>	

#### 2014 Budget:

Below is the proposed budget for the 2014 Quarter Horse Breed Development Program.

#### Overall Budget:

OVERALL	PROPOSED
# of Overnight Races Supplemented	68
Number of Stake Races/Trials	27
Total Number of Races Proposed	95
BDF \$ to Purses	\$370,150
Owner Awards (IB Races)	\$225,000
Breeder Awards (IB Races)	\$225,000
Sire Awards (IB Races)	\$75,000

Owner, Breeder and Sire Awards (Open Races)	\$50,000
Sired Supplement to IB Races	\$30,000
Purse Supplement – IB in Open Races	\$100,000
<b>TOTAL</b>	<b>\$1,075,150</b>

Please see *Attachment A* for additional information on the program for Indiana Downs.

### **Program Overview**

#### **Overall Modifications to Program**

- ✓ Eliminate Sired overnights- institute bonus program for Sired horses competing in Indiana Bred races. This will provide incentive to increase the quality of Sired horses. The bonus will be 20% and be paid to any Sired horse that finishes 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> in an Indiana Bred race. The bonus will be paid through the purse account, with Breed Development reimbursing the purse account for these payments.
- ✓ Eliminate claiming races from the Breed Development program.
- ✓ Modify the current purse supplement paid to Indiana Bred horses that finish 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> in open races. Change the supplement from \$15,000 to 50%. This will allow the amount of the supplement to adjust based on the purse of the race.
  - Because of the success of the purse supplement program in the past, we would propose that this program be closely monitored by IHRC staff in 2014. We would like to have the ability to evaluate this program prior to the beginning of the “Fall” portion of the meet (August 1) and make adjustments if the supplement element of the program is on track to exceed budget. We request that the IHRC gives the Executive Director the ability to approve changes if there is not the ability to have this go before the Commission.
- ✓ Stakes for 2014 will be determined by 2013/2014 earnings when trials do not occur.

#### **Stake Races**

• Gordon Mobley	Sired 2 YR Olds	Spring	\$150,000
• Jaguar Rocket	Bred 2 YR Olds	Spring	\$100,000
• Miss Roxie Little	Bred 2 YR Olds	Fall	\$150,000
• Blue River Derby	Bred 3 YR Olds	Spring	\$100,000
• Sterlie Bertram Mem.	Bred 3 YR Olds	Fall	\$100,000
• Born Runner Classic	Sired 3 YR & UP	Spring	\$100,000
• Hoosier Classic	Bred 4 YR & UP	Fall	\$ 75,000
• Bob Woodard Classic	Bred 4 YR & Up	Spring	\$ 75,000

## Applicable Rule Changes

### 71 IAC 14.5-3-4 Purse supplement in open races

Authority: IC 4-31-3-9

Affected: IC 4-31

Sec. 4. A purse supplement ~~of fifteen thousand dollars (\$15,000) is to~~ **shall** be paid to the owner of an Indiana bred that finishes first, second, or third when competing in any open overnight race, excluding trials and claiming races. The supplement shall be **50% of the purse earned and must be** distributed in the same manner and percentages in which purses are paid. (*Indiana Horse Racing Commission; 71 IAC 14.5-3-4; emergency rule filed Mar 3, 2011, 11:50 a.m.: 20110309-IR-071110100ERA; emergency rule filed Apr 4, 2013, 1:05 p.m.:20130410-IR-071130134ERA*)

### 71 IAC 14.5-3-6 Sired purse supplement

Authority: IC 4-31-3-9

Affected: IC 4-31

Sec. 6. A purse supplement shall be paid to the owner of an Indiana sired horse that finishes first, second, or third when competing in any Indiana bred overnight race, excluding trials and claiming races. The supplement shall be **20% of the purse earned and must be** distributed in the same manner and percentages in which purses are paid.

## QHRAI 2014 Race Proposal

Last Modified 2/24/2014

### Overnight

	2014			2013			
<b>Indiana Bred</b>							
Allowance	6	\$20,000	\$120,000	Allowance	7	\$23,000	\$161,000
Allow. NW3	4	\$18,500	\$74,000	Allow. NW3	5	\$20,000	\$100,000
Allow. NW2	12	\$17,500	\$210,000	Allow. NW2	16	\$18,000	\$288,000
Allow. NW OT	4	\$16,500	\$66,000	10k Claim	3	\$10,000	\$30,000
Maiden	<u>42</u>	\$16,000	<u>\$672,000</u>	Maiden	<u>45</u>	\$15,250	<u>\$686,250</u>
<b>Total Races</b>	<b>68</b>		<b>\$1,142,000</b>	<b>Total Races</b>	<b>76</b>		<b>\$1,265,250</b>

Attachment A

	2014			2013			
<b>Open</b>							
Allowance	6	\$18,000	\$108,000	Allowance	9	\$15,000	\$135,000
NW Year	1	\$12,000	\$12,000	Allow. NW2 or 3	1	\$10,000	\$10,000
NW 2 OT	2	\$16,000	\$32,000	Allow. 1XMC	1	\$10,000	\$10,000
Allow. NW3	6	\$15,000	\$90,000	Allow. NW3	7	\$13,000	\$91,000
Allow. NW2	15	\$13,000	\$195,000	Allow. NW2	19	\$10,000	\$190,000
Maiden	<u>40</u>	\$11,000	<u>\$440,000</u>	Maiden	<u>44</u>	\$8,500	<u>\$374,000</u>
<b>Total Races</b>	<b>70</b>		<b>\$877,000</b>	<b>Total Races</b>	<b>81</b>		<b>\$810,000</b>

### Changes To The Open Program

- 1** Notice the slight reduction in Race Count . 8 Less Bred Races and 11 Less Open Races, this was only done to accommodate the 2014 Budget.
- 2** Recommending a Significant increase in the Open Purses, Primarily for 2 Reasons. 1) To keep our open program in step with similar programs around the country, while attracting higher quality Open horses to Indiana. 2) To allow a "Percentage Based" bonus program to work, encouraging Indiana Bred and Sired Horses to stay competitive with Open horses.
- 3** The elimination of claiming races from both the bred and open program, and replace those races with new conditions listed above.
- 4** A Slight Purse modification to races above the maiden races. This was done purely to accommodate the 2014 Budget. The thought behind only reducing purses above maiden is that there have been significant increases to the stakes program and allowance horses would tend to be the group benefiting the most from those increases.
- 5** Elimination of "Sired" Races, and recommending a preference added to key "Bred" races to allow Sired horses to prep for Sired Stakes.

## QHRAI 2014 Race Proposal

Last Modified 2/24/2014

### Indiana Bred Stakes

		<b>2014</b>		
Gordon Mobley	Spring	\$150,000		
Jaguar Rocket	Spring	\$100,000		
Miss Roxie Little	Fall	\$150,000		
Blue River Derby	Spring	\$100,000		
Sterlie Bertram	Fall	\$100,000		
Born Runner	Spring	\$100,000		
Hoosier Classic	Fall	\$75,000		
Bob Woodard	Spring	\$75,000		
19 Trials @\$5k	<u>19</u>	<u>\$95,000</u>		
<b>Total Races</b>	<b>27</b>	<b>\$945,000</b>		

### 2013

Gordon Mobley	\$100,000
Jaguar Rocket	\$100,000
Miss Roxie Little	\$100,000
Blue River Derby	\$100,000
Sterlie Bertram	\$100,000
Born Runner	\$100,000
Hoosier Classic	\$75,000
Bob Woodard	\$75,000
21 Trials @\$5k	<u>\$105,000</u>
<b>28 Total Races</b>	<b>\$855,000</b>

### Open Stakes

		<b>2014</b>		
Heartland Fut.	Spring	\$50,000		
Governors Stk.	Fall	\$100,000		
SSA Futurity	Fall	\$100,000		
Sale Stake	Fall	\$25,000		
QHRAI Derby	Fall	\$100,000		
Indiana Grand Dby	Spring	\$50,000		
SSA Derby	Fall	\$50,000		
Indy Dns Classic	Spring	\$35,000		
Bradford Stake	Spring	\$35,000		
Indiana Champ.	Fall	\$75,000		
Circle City	Eliminated	\$0		
Pride and Progress	Eliminated	\$0		
Leader of the Class	Spring	\$25,000		
SSA Championship	Eliminated	\$0		
23 Trials @ \$3.5k	<u>23</u>	<u>\$80,500</u>		
<b>Total Races</b>	<b>34</b>	<b>\$725,500</b>		

### 2013

Heartland Fut.	\$50,000
Governors Stk.	\$50,000
SSA Futurity	\$100,000
Sale Stake	\$25,000
QHRAI Derby	\$50,000
Indiana Grand Dby	\$50,000
SSA Derby	\$50,000
Indy Dns Classic	\$50,000
Bradford Stake	\$50,000
Indiana Champ.	\$25,000
Circle City	\$15,000
Pride and Progress	\$12,500
Leader of the Class	\$25,000
SSA Championship	\$25,000
18 Trials @ \$3.5k	<u>\$63,000</u>
<b>32 Total Races</b>	<b>\$640,500</b>

### Chages to the Stakes Program

- 1 The Elimination, Condition Changes, and Placement Changes to several Stakes to 1) Attract Better Horses 2) Keep Horses from moving to Prarie Meadows.
  - 3) Allow more horses to be competitive in more stakes. 4) Cause multiple stakes to receive graded status over the next 2 years.
- 2 Increase Purses on Key Open Stakes, and 1 Indiana Sired Stake.

# QHRAI 2014 Race Proposal

Last Modified 2/24/2014

## Summary

<b>Bred Program</b>			<b>Open Program</b>	
Total # of Races	95		Total # of Races	104
BDF to Purses	\$370,150	Bred overnights+Bred Stakes * 15%	Total Open Purses	\$1,602,500
Owner Awards	\$225,000	Bred overnights+ (\$10k * # of Bred Stakes)		
Breeder Awards	\$225,000	Bred overnights+ (\$10k * # of Bred Stakes)		
Sire Awards	\$75,000	Bred Awards * 35%. +Adjustment for the Elimination of \$108,000 in sired overnight races.		
Sire Sup. Bred Races	<b>\$30,000</b>	<b>See Formula on this page</b>		
Awards Sup. Open Races	\$50,000	See Page "Supplement Worksheet"		
Purse Supplement				
Open Races	\$100,000	See Page "Supplement Worksheet"		
<b>Total B.D. Expenses</b>	<b>\$1,075,150</b>			
Budgeted Revenue	1139000			
	Plus \$16,600			

### Sired Supplement Calculated Estimate

Sired Sup Bred Races	\$1,142,000	Total Bred Purse
20% of total purse	\$228,400.0	Purse * 20%
1st,2nd,3rd Max 85%	\$194,140.0	Total Bonus * 85%
15%= Historic avg. excl stakes	<b>\$29,121.00</b>	15% of total Available

### Sired Purse Levels With 20% Bonus

	Open	Bred	W/Bonus	Sired/bred
Allowance	\$18,000	20000	\$27,000	<b>24000</b>
NW Year	\$12,000	N/A		
NW 2 OT	\$16,000	N/A		
Allow. NW3	\$15,000	18500	22500	<b>22000</b>
Allow. NW2	\$13,000	17500	19500	<b>21000</b>
Maiden	\$11,000	16000	16500	<b>19200</b>

**Sired Horses will be running for Substantially more money when running in a bred race than when running in an Open Race**

# QHRAI 2014 Race Proposal

Last Modified 2/24/2014

## Purse Supplement for Open Races

<b>Max. Bonus Potential</b>	<b>2014</b>	<b>2013</b>	
<b>Total Races</b>	70	81	
(Total Open Purse *50%)	372725	1032750	81* (\$15,000)*85%
<b>64% decreased Liability</b>			

### 2013 payout was 24% of Max liability

24% Max Liability	\$89,453	\$243,750
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## 2013 Exact Supplement Distribution using 50% instead of \$15,000 and considering the reduction in the number of Races

				<b>Awards for Supplement</b>		
		17- 1st				
2013	\$140,250	Actual Payout	17531.25	Bred		
2014	\$79,475	(17K * 50%)* .55 *17	17531.25	Owner	<b>Total</b>	
			6187.5	Sires	41250	
		21-2nds				
2013	\$72,000	Actual Payout	12993.75	Bred	<b>Total</b>	
2014	\$35,700	(17K*50%) * .2 * 21	12993.75	Owner	29700	
			3712.5	Sires	<b>Total Awards Paid on Supplement</b>	
					<b>90750</b>	
		21 3rds				
2013	\$31,500	Actual Payout	8662.5	Bred	<b>Total</b>	
2014	\$17,850	(17k * 50%) *10% * 21	8662.5	Owner	19800	
			2475	Sires		
2013 Total	\$243,750	Actual total Purse Supplement				
2014 Total	\$133,025	Using 2013 Attempts, Total Supplement for Purse				

# QHRAI 2014 Race Proposal

Last Modified 2/24/2014

## COMMENTS/NOTES

**QHRAI** has attempted to make as an exact estimate for the supplement as possible because of it's significant overage in 2013. We believe that the numbers we have used in the budget summary should be a very accurate estimate. This worksheet shows different formulas we used when making this expenditure estimate, you will see that we have lowered the estimated awards and supplements roughly 21% from the EXACT payouts from 2013. Primarily the reasoning is that the SIGNIFICANT decrease (\$15,000 to \$6,500) we believe will cause horsemen to use open races for preps or "set ups" instead a shot a "stake type" purse as was the case in 2013. Additionally, with the advent of the bonus for sired horses in bred races, it would be hard to imagine the scenario that a sired horse would run for \$16,500 against Open Horses instead of \$19,500 against Indiana Bred and Sired Horses. This alone we believe will cause a significant decrease in the level of participation.

**Additionally**, we believe that the entire bonus and supplement purse and award payouts need to be closely monitored in 2014, we already have put together contact people on our board to get regular updates from IHRC staff so we can stay on top of this in 2014. QHRAI has demonstrated over the past several years to have exceptional communication with it's horsemen throughout the year, and our board believes that we can look at these numbers prior to the "Fall" portion of the meet begins and make any adjustments needed to stay within our budget. We feel that it is of the utmost importance to start out 2015 with our ENTIRE budget intact.

### Misc. Notes

- 50% bonus for Bred running in Open
- 20% bonus for Sired running in Bred
- 50% Bonus will only raise purse slightly above Bred Purse
- Stakes 2013 & 2014 Earnings when no trials
- Placement of Stakes and NW o.t. very critical
- Purse for a sired running in a Bred race will be substantially higher than for an Open Race