



News and information for the Standardbred Racing Industry

Provided by the Cloverleaf Standardbred Owners' Association

September 2007

Phone: (301) 567-9636 ♣ Fax: (301) 567-9638 ♣ E-mail: cloverleaf@erols.com ♣ Website: www.cloverleafsoa.org

September 4, 2007

Cloverleaf Membership:

This letter will serve to bring you up to date with the current developments at Rosecroft. On August 9, 2007, Cloverleaf Enterprises, Inc. entered into a binding letter of intent to sell Rosecroft to Penn National Gaming. History will reflect that Penn National approached Rosecroft with an offer. Rosecroft was not for sale and all potential suitors were told the same thing – if you have an offer, send it in. Penn National was willing to pay a substantial sum of money for the right to deal with Rosecroft exclusively. The negotiations between CEI and Penn National lasted several weeks and were subject to a confidentiality agreement. Once the CEI Board voted its approval, the matter was referred to the CSOA Board where a 2/3rds vote was required.

The agreement was signed following a formal vote by CEI's stockholder, CSOA, to approve the transaction. The purchase is subject to the completion of what is called (1) "due diligence," (2) execution of the definitive agreements (Asset Purchase Agreement and Purse Agreement) and (3) approval by the Maryland Racing Commission. The Asset Purchase Agreement is being negotiated by the CEI Board and the Purse Agreement is being negotiated by the CSOA Board. Penn National has 30 days to conduct and complete its due diligence.

At this time, we would like to share with you some of the **highlights** of the agreement. As matters advance, we will keep you informed of all relevant developments. The Letter of Intent signed on August 9, 2007 provides for:

- A purchase price of \$20,000,000 for the assets of CEI. Upon completion of the sale, CEI will be relieved of the existing \$7,200,000 mortgage and should have \$6,000,000 to \$6,500,000 in the bank. The actual amount may change depending on taxes and track expenses between now and the time of closing. Rosecroft management has agreed to keep the current purse structure in place.
- Penn National will maintain purses at a minimum level of \$6,500,000 for years one, two and three. If the sale proceeds as anticipated, the higher purse structure could be in place as early as November 1, 2007. Please note that our current purse level for 2007 is \$4,700,000.
- Penn National will maintain purses at a minimum level of \$5,500,000 for years four, five and six.
- A new purse formula will be in place upon the earlier of the first commercial use of slot machines or relevant state legislation.

- Live racing dates shall be mutually agreed to. The letter of intent provides that "following the Slot Implementation date, the number of live racing days shall be mutually agreed by Penn National and CSOA, but in no event be less than 100 live race dates per year." Please note that the 2007 schedule provides for 83 live race dates.
- Penn National will contribute \$600,000 per year for Horseman's Insurance for a period of six years.
- Penn National shall apply for any required licenses within 30 days after the execution of definitive agreements.
- Both sides agree to close the sale within 5 business days after approval of the transaction by the Maryland Racing Commission.

Penn National is a nationally respected company that will bring financial stability and racing certainty during what have been at best difficult times for those tracks operating without slots. The sale is positive for our industry, horsemen and employees at Rosecroft. We wish to thank everyone who attended the August 9 presentation and to the expressions of support and encouragement.



Kelley R. Rogers
President, CEI



Thomas B. Cooke
President, CSOA



FLU VACCINATIONS

Ocean Downs:

Thursday, November 8, 2007
11:30am - 1:00 pm

Rosecroft:

Tuesday, November 13, 2007
2:30 - 5:30 pm

Open to all horsemen and their families.
If you have any questions, please call the C.S.O.A. office at 301-567-9636 or 301-567-4000 ext. 223

Horse Awards

In order to recognize our Owners and Member's achievements, the Awards Committee will be considering nominations for the 2004 awards, which will be presented at the Annual Awards Banquet, January 5, 2008. The Awards Committee will put forth their best effort to nominate all eligible horses, but it is the ultimate responsibility of the Owner or Trainer to submit their horse's name for consideration.

Criteria: (*not inclusive*)

Money won
Performance record
Speed record
Head to head competition

Eligibility based on:

For all age-gait-sex awards, all of the owners must be members of the Cloverleaf Standardbred Owners' Association (C.S.O.A.) and the horse had to have had one pari-mutuel race in Maryland.

For the Horse of the Year at each track, all owners must be members of C.S.O.A. and the horse had to race a minimum of 12 times at Rosecroft or 4 times at Ocean Downs, at the respective track.

If a horse is sold from one C.S.O.A. member to another C.S.O.A. member, all starts will be considered and if the horse receives an award, both owners receive awards.

If a horse is sold from a C.S.O.A. member to a non-member, or vice versa, only the starts under C.S.O.A. ownership will be considered.

Awards to be given:

<u>TROT</u>	<u>PACE</u>
2 y.o. Colt	2 y.o. Colt
2 y.o. Filly	2 y.o. Filly
3 y.o. Colt	3 y.o. Colt
3 y.o. Filly	3 y.o. Filly
Older Trotter of the Year	
Older Pacing Horse/ Gelding of the Year	
Older Pacing Mare of the Year (4 y.o. & up)	
Rosecroft Horse of the Year, Trot or Pace	
Ocean Downs Horse of the Year, Trot or Pace	

Special Award:

A horse that has made an impact nationally or internationally.

A horse that has died (Posthumously)

A horse that exhibits an outstanding year and failed to win the award in its given category because of a horse of national prominence.

The Awards Committee encourages members to submit nominations to the C.S.O.A. office

NO LATER THAN OCTOBER 26, 2007

Save the Date

Wednesday, September 26th
“Doc Banning” Showcase of Champions Charity Golf Tournament
Glenn Dale Golf Club
For registration please call C.S.O.A. office 301-567-9636.

Saturday, September 29th
SHOWCASE of CHAMPIONS
Eight exciting Maryland Sire Stakes Races

Monday, October 8th
CHESAPEAKE YEARLING SALE
1:00 p.m. in the Rosecroft Paddock

Saturday, January 5, 2008
C.S.O.A & M.S.B.A. ANNUAL BANQUET
Hyatt Regency Chesapeake Bay - Cambridge, Maryland



PO Box 156
Temple Hills, MD 20748

ADDRESS SERVICE REQUESTED