

OKLAHOMA HORSE RACING COMMISSION

REGULARLY SCHEDULED MEETING August 14, 2008

MINUTES

CALL TO ORDER/ROLL CALL

Chairman Gene Bledsoe called the August 14, 2008 Regularly Scheduled Meeting of the Commission to order at 9:40 a.m. in the Activity Center at Shepherd Mall, Oklahoma City, Oklahoma. Commission members answering roll call were Chairman Bledsoe, Commissioner Bollenbach, Commissioner Bowers, and Commissioner Grimmert. [Commissioner Calvert arrived at 9:50 a.m.] Commissioner Barkett, Commissioner Carter and Commissioner Savage were absent from the meeting. Mr. Neal Leader, Commission Counsel, was present as well as the following Commission staff members: Mr. Constantin A. Rieger, Ms. Mary Ann Roberts, Mr. Mel Webb, Ms. Sue Chappell, Mr. Mike Corey, Ms. Bonnie Morris and Ms. E J Brees. Approximately nineteen other persons attended and signed the registry which is part of the record.

Mr. Rieger presented Mr. Tom Clark, Chief Steward at Blue Ribbon Downs, with a horse statue commemorating his years of service to the Commission. Mr. Clark, who retired at the end of this July, received a standing ovation. Mark Enterline, Will Rogers Downs (WRD), presented Mr. Clark with a WRD belt buckle.

APPROVAL OF MINUTES

Commissioner Bowers moved to approve the drafted Minutes from the June 19, 2008 Regularly Scheduled Commission Meeting. Commissioner Smicklas seconded the motion. The vote was as follows:

Aye: Mr. Bowers, Mr. Smicklas, Mr. Grimmert, Dr. Bledsoe
Abstain: Mr. Bollenbach
Mr. Calvert had not arrived at the time of the vote.
Mrs. Barkett, Mr. Carter and Mr. Savage were absent from the meeting.
The motion passed on a 4-0-1 vote.

BLUE RIBBON DOWNS' DECISION FOR SUBMISSION OF CY 2009 RACING AND GAMING APPLICATIONS

At the June 19, 2008 meeting, Mr. Blaine Story, General Manager of Operations at Blue Ribbon Downs [BRD], requested an extension of the application deadline, stating that the Choctaw Nation of Oklahoma, the current owner, was negotiating the sale of the racetrack with an executed agreement between the parties expected in the near future. Mr. Story added that submitting an application by the June 1, 2008 deadline would have mislead the general public, horsemen, sister Oklahoma racetracks and the Commission and also been costly for BRD to produce. The Commission approved an extension of the application deadline to August 14, 2008, the date of the next Commission meeting.

In an August 4, 2008 letter from Mr. Story, BRD requested a continuation of the extension but also added that the 2009 applications and license fees would be submitted on August 14, 2008 if the Commission were to deny the request.

Commissioner Smicklas made a motion to deny Blue Ribbon Downs' request for an extension for submitting its CY 2009 racing and gaming license applications. Commissioner Bowers seconded the motion. The vote was as follows:

Aye: Mr. Smicklas, Mr. Bowers, Mr. Bollenbach, Mr. Grimmitt, Dr. Bledsoe

Abstain: Mr. Calvert

Mrs. Barkett, Mr. Carter and Mr. Savage were absent from the meeting.

The motion passed on a 5-0-1 vote.

Following the conclusion of this meeting, Mr. Story submitted BRD's CY 2009 racing and gaming applications.

PRELIMINARY CONSIDERATION OF CY 2009 RACING AND GAMING APPLICATIONS

By the June 1, 2008 deadline, the Commission received three renewal applications for organization licenses to conduct live racing and simulcasting in CY 2009. Gaming applications were also received from the same three applicants.

The following is a summary of the race day applications received.

1. Remington Park

Remington Park, Inc. has applied to conduct two race meetings:

- a Quarter Horse, Paint and Appaloosa race meeting, 50 days in length, from March 6 through May 31, 2009 and
- a Thoroughbred race meeting, 67 days in length, from August 21 through December 13, 2009.

The Commission Staff Brief on the racing application was included in the Agenda Packet as well as three recent articles about the financial status of Magna Entertainment Corporation [MEC], the parent organization. Also included in the Agenda Packet was MEC's CY 2008 second quarter financial statements and the Commission Staff Brief on the gaming application.

Mr. Scott Wells, Vice President and General Manager, and Mr. Gregg Scoggins, National Director for Regulator Affairs for MEC, answered questions mentioned in the Staff Brief. Mr. Scoggins also spoke regarding MEC's financial situation. As mentioned in the Staff Brief and subsequent to the Commission meeting, Remington Park submitted an updated Organizational Chart.

In response to a question by Commissioner Grimmitt, Mr. Wells said that the horsemen's money is held in an account by the name of "Horsemen's Trust Account".

2. **Will Rogers Downs, L.L.C.**

Will Rogers Downs, L.L.C. applied to conduct one race meeting:

- a Thoroughbred, Quarter Horse, Paint and Appaloosa race meeting, 42 days in length, from January 31 through May 2, 2009.

Mr. Mark Enterline, Consulting General Manager of Will Rogers Downs, answered questions raised in the Staff Brief and updated the Commission regarding future plans and projections.

3. **Tulsa State Fair (Tulsa County Public Facilities Authority)**

The Tulsa State Fair (the Tulsa County Public Facilities Authority) has applied to conduct one fair race meeting:

- a Thoroughbred, Quarter Horse, Paint and Appaloosa fair race meeting at Fair Meadows at Tulsa, 34 race days in length, from May 19 through July 26, 2009.

The following chart summarizes the race days requested in the applications.

| Renewal Applicants | Breed(s) | Number of Live Race Days Requested | Time Frame (2009) |
|---|---|---|--------------------------|
| REMINGTON PARK, INC. Oklahoma City | Quarter Horse, Paint and Appaloosa | 50 race days | 3/6/09 - 5/31/09 |
| | Thoroughbred | 67 race days | 8/21/09 – 12/13/09 |
| WILL ROGERS DOWNS, L.L.C. Claremore | Thoroughbred, Quarter Horse, Paint and Appaloosa | 42 race days | 1/31/09 – 5/2/09 |
| Tulsa State Fair (Tulsa County Public Facilities Auth.) ¹ FAIR MEADOWS AT TULSA | Thoroughbred, Quarter Horse, Paint and Appaloosa | 34 race days | 5/19/09 – 7/26/09 |

¹The full name is the Tulsa County Public Facilities Authority.

Because the issuance of organization licenses includes the allocation of live race dates, and because the Commission, in allocating race dates, attempts to avoid unnecessary overlap and simultaneous competition among racetracks, the Commission has determined that (1) information received regarding any particular application for an organization license is considered as part of the record regarding all of the applications for organization licenses and (2) that deliberations on all organization license applications should take place together.

Commissioner Calvert recommended that a condition be placed in each racing license Order requiring a financial risk management plan. While no motion was made, there was general consensus to add the plan as a condition of the racing Licenses.

CONSIDERATION OF THE FISCAL YEAR 2010 AGENCY BUDGET REQUEST PROPOSAL

The FY-2010 [July 1, 2009 through June 30, 2010] Agency Budget Request Proposal was submitted for Commissioners' consideration for approval. State agency budget requests for FY-2010 must be filed with the Office of State Finance, Legislative Staff and Cabinet Secretary by October 1, 2008.

Mr. Rieger stated that each year it becomes more difficult to address business issues with no increases to the budget. He said that, although the agency's expenses continue to rise, the agency budget has remained the same. The proposed budget request included additional funding for: funding to cover higher costs of agency expenses [such as insurance premiums, longevity, retirement and travel]; increase compensation for Agents [since the current pay is the lowest of any law enforcement officers in the state]; hire an additional License Clerk; upgrade computer equipment; and hire Test Barn Assistants.

Commissioner Calvert made a motion to approve the proposed FY-2009 Agency Budget Request and add two requests: to find two veterinarians to conduct pre-race assessments [as proposed by the Ad Hoc Committee on Industry Safety Issues] and to request a 10% increase for the Executive Director's compensation due to additional responsibilities regarding illegal racetrack operations [as proposed by Chairman Bledsoe]. Commissioner Smicklas seconded the motion. The vote was as follows:

Aye: Mr. Calvert, Mr. Smicklas, Mr. Bollenbach, Mr. Bowers, Mr. Grimmitt, Dr. Bledsoe
Mrs. Barkett, Mr. Carter and Mr. Savage were absent from the meeting.
The motion passed on a 6-0 vote.

Mr. Rieger said that he will submit an additional letter to the Finance Committees of both Houses requesting permission to use licensing fees, fines and add an expenditure level in the gaming funds which would put approximately \$100,000 into the budget. He added that the same request was made last year to which no response was forthcoming.

RECOMMENDATION FROM OKLAHOMA-BRED ADVISORY COUNCIL

The Oklahoma-Bred Advisory Council recommended funding, (at the same level as 2007), from the Oklahoma Breeding Development Fund Special Account [OBDFSA] of \$80,000 in Thoroughbred funds to Remington Park in response to a request from Mr. Fred Hutton, Remington Park's Director of Racing, for the following stakes races to be run during the Thoroughbred race meeting with a payout percentage breakdown of 60%, 20%, 11%, 6% and 3% to the top five finishers:

| | <u>Purse Supplements</u> | <u>Broodmare Awards</u> | <u>Stallion Awards</u> | <u>Total</u> |
|----------------------|------------------------------|-----------------------------|----------------------------|-----------------|
| Silver Goblin Stakes | \$10,000 | \$ 6,800 | \$ 3,200 | \$20,000 |
| Black Mesa Stakes | \$10,000 | \$ 6,800 | \$ 3,200 | \$20,000 |
| Red Earth Stakes | \$10,000 | \$ 6,800 | \$ 3,200 | \$20,000 |
| Osage Hills Stakes | <u>\$10,000</u> | <u>\$ 6,800</u> | <u>\$ 3,200</u> | <u>\$20,000</u> |
| | \$40,000 | \$27,200 | \$12,800 | \$80,000 |

Commissioner Grimmitt made a motion to approve \$80,000 in OBDFSA funding to Remington Park for four stakes races to be run during the CY 2008 Thoroughbred race meeting. Commissioner Bollenbach seconded the motion. The vote was as follows:

Aye: Mr. Grimmatt, Mr. Bollenbach, Mr. Bowers, Mr. Calvert, Mr. Smicklas Dr. Bledsoe
Mrs. Barkett, Mr. Carter and Mr. Savage were absent from the meeting.
The motion passed on a 6-0 vote.

CY 2009 COMMISSION MEETING DATES

Commission Staff recommended that the Commission consider scheduling eight monthly meetings in CY 2009 for the months of January, February, March, May, June, August, October and November. In the past, the meetings have been scheduled for the third Thursday of the month except for:

January to be a week later so as not to conflict with a horse sale at Heritage Place, and March to be a week later to accommodate the permanent rulemaking process during a Legislative Session.

In addition, Commission Staff recommended that the August meeting be scheduled a week earlier so as not to conflict with the All-American Futurity Trials.

Therefore, the proposed CY 2009 meeting dates were January 22, February 19, March 26, May 21, June 18, August 13, October 15 and November 19.

Commissioner Calvert made a motion to approve the proposed CY 2009 meeting dates. Commissioner Grimmatt seconded the motion. The vote was as follows:

Aye: Mr. Calvert, Mr. Grimmatt, Mr. Bollenbach, Mr. Bowers, Mr. Smicklas, Dr. Bledsoe
Mrs. Barkett, Mr. Carter and Mr. Savage were absent from the meeting.
The motion passed on a 6-0 vote.

ANY MATTER NOT KNOWN ABOUT OR WHICH COULD NOT HAVE BEEN REASONABLY FORESEEN PRIOR TO POSTING THE AGENDA

There was no new business that could not have been foreseen prior to the posting of the agenda.

ANNOUNCEMENTS

Chairman Bledsoe made the following announcements:

The Commission has made several recent personnel changes:

With the retirement of Tom Clark, as noted at the beginning of the meeting, Mr. Bill McNutt has been promoted to Chief Steward at Blue Ribbon Downs and Will Rogers Downs.

Mr. Richard Bickel's appointment has been changed from occasionally substituting as a Steward to being a full-time Steward. His first assignment is at Blue Ribbon Downs.

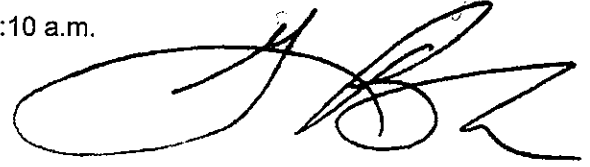
Gary Rohr will be rejoining the Commission as a Law Enforcement Gaming Agent effective Monday, August 18, 2008. His home base will be Blue Ribbon Downs.

The next Commission meeting is scheduled for October 16, 2008, starting at 9:30 a.m. It will be held at the Oklahoma Department of Wildlife Conservation, First Floor Auditorium, 1801 N. Lincoln Boulevard, Oklahoma City, OK 73105.

ADJOURNMENT

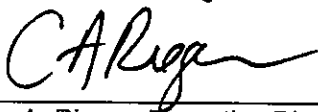
By acclamation, the Commission meeting was adjourned at 11:10 a.m.

Approved this 16th day of October, 2008.



Dr. Gene Bledsoe, Chairman

On Behalf of the Commission:
ATTEST:



Constantin A. Rieger, Executive Director

CAR/ejb 10/06/08, 10/16/08