

IN AND BEFORE THE OKLAHOMA HORSE RACING COMMISSION
STATE OF OKLAHOMA

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OKLAHOMA HORSE RACING
COMMISSION

IN THE MATTER OF:

Direction from Oklahoma Quarter)
Horse Racing Association for 2010)
Distribution of Purse Funds from)
Tribal Gaming in Tulsa Area)

November 1, 2009

I.

INTRODUCTION

The State-Tribal Gaming Act enacted in 2004 by Oklahoma voters includes language that requires compacted tribes within 20 miles of the racetrack at Fair Meadows in Tulsa, Oklahoma to remit a pro-rata share of their net income to the Oklahoma Horse Racing Commission. Subsection L. sets out that the distribution of those funds shall be at the direction of the purse committees for each of the participating breeds of horses and further defines the purse committees as the official elected horsemen representatives as designated in the Act. Subsection L. also sets out the allocation of the funds between the particular breeds. The purse committees are to meet and provide direction at least sixty (60) days prior to the beginning of a calendar year, and the language provides certain criteria that the purse committees should consider and attempt to achieve in making their directive.

The Oklahoma Quarter Horse Racing Association (OQHRA) is the "purse committee" for Quarter Horse and the Paint and Appaloosa funds. The intent of the legislature in setting aside these funds was clearly for the funds to be available use by horsemen at all Oklahoma racetracks, as evidenced by the provisions in the Act.

On September 22, 2010 the OQHRA "purse committee" met and made findings of fact regarding the placement of purse funds for 2010.

The directions for placement of funds to be distributed in 2010 are based on projecting revenue for purse money that is anticipated to be available for distribution during calendar year 2010 for the breeds OQHRA represents. The purse committee also recognizes that the racetracks in some instances have the ability to either increase or decrease the total purse dollars available for participating breeds based on their determination of the simulcast split ratio between breeds. Any changes that have been or may be proposed by a racetrack from 2009 to 2010 have not been considered and if proposed by tracks and approved by the OHRC would be deemed to be management decisions by those tracks and the racing commission to restructure the emphasis of purse distribution between the breeds. Any changes resulting in a reduction of purse levels due to a reduction in simulcast purse money will not be basis for an automatic increase in amount of purse funds directed to that track from the Tribal Purse Funds for that breed without a written revision of this directive. Obviously, there is no guarantee that the projections for available revenue will be he exact amount of actual income available at the time of the race meetings. With this document, the OQHRA is directing placement of projected revenue, and asks that the commission recognize that in the event the projections are inaccurate, either high or low, the

actual distribution amounts will be adjusted accordingly in a supplemental directive from its purse committee.

In formulating the 2010 Directive, the OQHRA board of directors held several meetings at which any interested horsemen were encouraged to attend and/or participate in discussion regarding projections for purse levels and allocation of the Tulsa Area Tribal Gaming Fund money for stakes races and overnight purses. The meetings to discuss Quarter Horse funding were held in July in Tulsa, as well as in August and September in Oklahoma City. The OQHRA published notice of the Tulsa meeting in major breed publications and notice of both meetings were posted on the OQHRA website and announced at the various racetracks in the state. There were 30 horsemen in addition to OQHRA board members that attended the meeting in Tulsa and an additional 24 individuals that attended the Oklahoma City meeting. OQHRA also received input from representatives from the American Paint Horse Association.

During the 2008 Oklahoma legislative session the Act was amended to clarify the use of Tribal Purse Funds for Oklahoma Bred purses and awards, administrative, benevolent, and promotional purposes consistent with funds generated from gaming at each of the racetracks with gaming licenses if so directed by the Horsemen's Representative for that breed.

II.

FINDINGS OF FACT AND DIRECTIONS FOR PLACEMENT OF 2010 TULSA AREA TRIBAL PURSE FUNDS FOR QUARTER HORSES

INTRODUCTION

1. The OQHRA projects the 2010 gross revenue for purses as \$5,435,000. This number represents a 31 percent reduction from the 2009 projected revenue but is based on an analysis of the 9 most recent months of reported Tribal Purse Fund Income from the Oklahoma Horse Racing Commission.
2. According to the State Tribal Gaming Act, the percentage of the Tulsa Area Tribal Purse Funds allocated for Quarter Horse participants is 40% of the total purse money available for the breeds
3. Using the projected funding for 2010 we anticipate \$2,174,000 will be available for Quarter Horse participants in 2010. At this point we do not project any significant carryover of funding generated in 2009.

FINDINGS OF FACT FOR PLACEMENT OF QUARTER HORSE PURSE FUNDS FOR 2010

1. With regard to Quarter Horse racing for 2010, the purse committee evaluated the number of race days and racing opportunities projected for each of the Oklahoma racetracks for 2010 based on the license applications of each track and projected purse levels based on anticipated revenue earned from purse revenue sources at each track. Those projected purse levels were compared to 2009 purse levels of tracks in the region, both in Oklahoma and in other states in order to determine what level of purse supplement would be required to maintain or enhance the quality of racing experienced at each Oklahoma racetrack.

2. In conducting comparisons for the average purse per race, the purse committees considered the 2009 average purse per race for the following racetracks using information gathered by the American Quarter Horse Association. For each subject track the committee identified both Oklahoma tracks and tracks in the region that are conducting live meets comparable to the subject track. The tracks identified under each subject represent the major competition of the subject in its desire to attract quantity and quality of participants for its live meet. These numbers do NOT include nomination payments from horsemen participating in stakes races but do include the added money for stakes races that was added from the horsemen's purse accounts at each of the tracks listed below.

<i>Racetrack</i>	<i>2009 Average Purse per Race</i>
Remington Park (Subject)	\$ 21,695
Will Rogers Downs, OK	\$ 13,004
Louisiana Downs, LA	\$ 11,226
Delta Downs, LA	\$ 16,485
Evangeline Downs, LA	not available (\$12,905 for 2008)
Sunland Park, NM	\$ 22,912
Zia Park, NM	\$ 24,022
Ruidoso Downs, NM	\$ 10,788
Prairie Meadows, IA	\$ 16,325
Los Alamitos, CA	\$ 10,180
Canterbury, MN	\$ 7,208
Fair Meadows (Subject)	\$ 9,400
Sam Houston Race Track, TX	\$ 5,988
Gillespie County, TX	\$ 5,201*
Arapahoe Park, CO	\$ 8,788
Mt. Pleasant Meadows, MI	\$ 4,643
Eureka, Downs, KS	\$ 9,015*
Anthony Downs, KS	\$ 12,956*
* indicates tracks classified as Fair Meets in this region	
Will Rogers Downs (Subject)	\$ 13,004
Remington Park, OK	\$ 21,695
Blue Ribbon Downs, OK	\$ 8,005
Manor Downs, TX	\$ 7,124
Canterbury Downs, MN	\$ 7,205
Ruidoso Downs, NM	\$ 10,788
Arapahoe Park, CO	\$ 8,788
Eureka Downs, KS	\$ 9,015
Blue Ribbon Downs (Subject)*as of 10/2008	\$ 8,005
Canterbury Downs, MN	\$ 7,208
Zia Park, NM	\$ 24,022
Ruidoso Downs, NM	\$ 18,788
Lone Star Park, TX	\$ 5,894
Woodlands, KS	\$ 0
Los Alamitos, CA	\$ 10,180
Prairie Meadows, IA	\$ 16,325

3. The purse committee determined that in evaluating the projected purse levels for 2010 at each Oklahoma racetrack, each track has a significant role in determining what racetracks are “similarly situated” to “encourage participation in that organization licensee’s race meet” because of the role they have in determining the amount of non-statutorily allocated purse money will be available for the live meet purses for each participating breed. Purse levels are determined by the total dollars available for each breed and the total number of races offered by the track for each breeds live racing. The largest source of purse money in most cases for 2010 will come from the electronic gaming at the racetrack. Those funds are allocated between the breeds according to a formula written in the Act. The next significant source of purse funds earned at the racetrack and available for its live races is purse money generated from full card simulcasting of out of state races. That source of purse money is non-statutorily allocated and may be determined by a racetrack as provided in the Oklahoma Rules of Racing. Each track is required to establish the projected purse levels it intends to make available for each breed participating in a mixed meet. That application is subject to approval by the commission. The commission rules additionally provide that if a track is approved to conduct more than one meet and one of the meets is restricted to a single breed of horse, the split may be determined by negotiations between the participating breeds and the racetrack. If there is no agreement, any party may appeal to the commission for a determination of the split between the meets. The application of the splits to the available purses for each breed have a distinct and measurable effect on the level of competition and number of competitive horses to be attracted to each live meet. The number of races to be offered for each breed is clearly established for each breed in the Act unless there is a joint application by OQHRA or TRAO and a racetrack to increase or decrease the designated number of races for that breed. The agreement, if any, adjusting the number of races to be offered for each breed must be provided to the Commission prior to the approval of a tracks license application. Both the racetracks and the racing commission may have significant input in determining the “competitive” quality of a tracks live racing program by allocation or approval of the purse money for each breed from interstate simulcasting.
4. The single exception to a specific number of races for each breed in the Act is when a track is licensed as a Fair meet. Fair Meadows, as a licensed Fair meet, is not permitted to conduct gaming but is eligible for a recipient gaming license. As such, to be eligible to receive money pursuant to the State Tribal Gaming Act, the fair is required to conduct annually no less than 400 total races, which shall include conducting no less than an average of four (4) races per day for Thoroughbred horses. The Fair does however have the authority to determine the total number of races to be offered on each race day for each participating breed. A race day shall consist of not less than seven (7) or more than twelve (12) races unless all of the races on a particular day are time trials.
5. Remington Park is located in a county with a population exceeding 600,000, and hence is the first preference to be considered in this directive. For 2009, **Remington Park** has been allocated a total of 50 live race days and will provide approximately 425 live racing opportunities for Quarter Horses. In calculating the amount of total purse money to be available in 2010, the purse committee utilized 45% of the funds generated for purses from gaming at Remington Park that is allocated to Quarter

Horse participants. The purse committee also determined that 15% of the gaming money earned at Remington Park for Quarter Horses shall be deducted and paid to the Oklahoma Breeding Development program to provide additional incentive for breeding and raising racing Quarter Horses in Oklahoma.

Including the carryover of the projected underpayment of purses for calendar year 2009, the Quarter Horse share of the 2010 gaming revenue including revenue from 50 additional machines expected to be installed and operational prior to or during the QH Mixed meet, the 2010 projected purse money to be earned for Quarter Horses from wagering on live racing during the live meet, and the Quarter Horse split of simulcast purse money as applied for by the track in its license application, the purse committee anticipates the total available purse funds for Quarter Horses will be approximately equal to or greater than the amount available in 2009. The committee negotiated additional added money in the stakes program and increase in the trial race purses to \$10,000 per race for 2009 which will continue in 2010 and has also negotiated for the addition of 11 additional stake races restricted to Oklahoma Bred horses for 2010. Compared to purses offered by similarly situated racetracks in 2009, and based on the assumption that those tracks will also generate a similar level of purse for 2010, the Quarter Horse purses at Remington Park will compete favorably with other tracks in the region for quality horses, although it will certainly not rank as the leading Quarter Horse meet in terms of purses available for participating horses.

Fair Meadows is the closest track in geographic proximity to the location where the purse funds are generated and hence should be the second preference considered in this directive. Because Oklahoma law does and should vest discretion in the organizational licensee to determine the number of races for each breed and the size of purses to best further the objectives of racing at that particular track and because the licensee does not have the authority to direct placement of Tulsa Area Tribal Purse Funds directly or indirectly, the Purse committee believes that in determining the extent to which additional purse monies will encourage participation by Quarter Horses, Paints, and Appaloosas, the determination by an organization licensee, such as the Trustees of Fair Meadows, of how much of the sources of purse funds it controls should be allocated to certain breed purses is some indication of how important the licensee believes purse size is to that track in order to encourage participation of horsemen in meets.

6. At **Fair Meadows** in 2002 the average purse per race was approximately \$11,590 for Quarter Horses, the average was \$7,678 in 2003, and in 2004 (which was a windfall year because of an adjustment in the time of year the meet was conducted) the average purse per race was \$10,427. Then, in 2005 the average purse dropped to \$4,154, but in 2006 (with the TATPF money included for the first time), the average Quarter Horse purse per race was \$9,118. From 2002 thru 2004 the split of the full card interstate simulcast purse money was based strictly on participation by the various breeds and the track attempted to provide 40% of the live races for Thoroughbreds, 40% for Quarter Horses, and 10% for Paints and Appaloosas. For the years 2005 and 2006, based on the joint request of the TRAO and the OQHRA, the split was based on the formula in the Gaming Act for the allocation of Tulsa Area Tribal Purse Funds to the various breeds. That split of simulcast purse money was 50% Thoroughbred, 40% Quarter Horse, and 10% Paint and Appaloosa even though the proposed ratio of live races for each breed remained 40% Thoroughbred, 40% Quarter Horse, and 20% Paint and Appaloosa. For calendar year 2007 there was a dispute over the split of the

simulcast purse money at Fair Meadows and although its decision has been challenged by OQHRA, the Horse Racing Commission mandated a split of 80% distributed to the Thoroughbreds and the remaining 20% was divided with 16% to Quarter Horses and 4% to Paints and Appaloosas. The resulting average purse per race for Quarter Horses with no supplemental purse money from the Tulsa Area Tribal Gaming fund and no transfer of funds from an underpayment at Will Rogers Downs would have been \$4,068. The actual 2007 average purse per race for Quarter Horses was \$11,020 because the OQHRA purse committee directed approximately \$442,500 in tribal gaming purse money for use at Fair Meadows. Additionally the OQHRA negotiated an agreement with Will Rogers Downs that resulted in a transfer of an additional \$650,000 of underpaid purse money for Quarter Horses from Will Rogers Downs to Fair Meadows during the 2007 live race meet at the Fair track. The OQHRA purse committee supported transfer of \$650,000 of the Will Rogers Downs underpaid purse money in 2007 because in its opinion, a determination had not been made by the Licensee of the extent to which it needed to support its purses to preserve horsemen participation in 2007. For 2008, horsemen were given advance notice of the possibility of reduced purses at Fair Meadows because of the proposed simulcast purse distributions and the purse committee found that Fair Meadows was more like a "Fair Meet" similar to the race meets in Gillespie County, TX, Eureka Downs, KS, and Anthony Downs, KS with which Fair Meadows competes for race days. The purse committee again negotiated a transfer of underpaid purse funds from Will Rogers Downs to support the Quarter Horse purses at Fair Meadows in addition to supplemental purse monies transferred to support purses by its 2008 Directive. For 2009 the purse committee adopted a goal to fund the purses for Quarter Horses at a level comparable to the 2008 money expended as added money to stakes races and for overnight purses by using both a transfer of underpayment of purse funds at the conclusion of the 2009 Will Rogers meet for Quarter Horses and a transfer of Tribal Purse money pursuant to this directive. The amount of the transfer of funds from Will Rogers Downs was \$ 900,000 and the transfer of Tribal Purse Funds including stakes added money was a total of \$ 454,350 (not including OKB funding of \$27,900 and administrative, benevolence, and promotions funding of \$7,750) and resulted in an average purse per race of \$9,400 which was still at the top of the level needed to rank at the higher end of meets considered comparable to Fair Meadows in 2009. The purse committee finds that continued funding from the Tribal Purse Funds will be required to maintain competitive purse levels in 2010. Additional Tribal Purse Funds should be directed to help maintain the overnight purse levels in an amount sufficient to allow Fair Meadows purses to be consistent with levels offered for tracks in the region as indicated in Finding of Fact #2 of this directive.

The remaining organizational licensees in Oklahoma are Will Rogers Downs and Blue Ribbon Downs and hence consideration of the extent to which direction of additional funds for purses would encourage participation by horsemen in those race meets is the third and final preference to be considered by this directive.

7. **Blue Ribbon Downs** initially requested 53 live race days in 2010. The Thoroughbred horsemen's representative did not agree to a reduction in the statutory number of live races for its breed, and the track projected only the required statutory number of races for any of the breeds for 2010. Subsequently the Choctaw Nation has announced that it does not intend to conduct a live meet in 2010 although the track remains for sale at this time. Should the track operator for 2010 be approved for live racing, the purses

earned at the track would probably not be sufficient to attract horses or be competitive with other race meetings in the region. The additional racing opportunities would be of critical importance to the Quarter Horse racing industry in the State and the purse committee acknowledges that supplemental purse funds from the Tribal Purse Fund would be critical to the success of that racetrack. There are a number of futurity and derby races and stake races that have been previously conducted at Blue Ribbon Downs that are of great importance to the incentive to breed and race Quarter Horses in Oklahoma. The loss of racing opportunity as a result of the closing of this track will have a negative effect on the horse racing industry and will create a multi-million dollar loss for the economic base of horse racing participants in Oklahoma.

8. **Will Rogers Downs** originally requested to run 44 days of live racing beginning in February and ending in May for 2010. If approved the meet would have resulted in a significant overlap in racing opportunities for Quarter Horses with Remington Park's Quarter Horse Mixed meet when it begins the first weekend in March. Additionally, the AQHA does not recognize 2 year old races run prior to March 1 of the race year in which the horse becomes 2 years old on January 1. The initial application also called for a reduction from the statutory requirement for 270 Quarter Horse races which was not jointly requested by OQHRA. The track has subsequently filed for a revision of its requested dates but the revision also was not jointly requested by OQHRA and although it meets or slightly (by 6 races) exceeds the statutory requirements for Quarter Horses, Paints, and Appaloosa horses, the dates requested are in such a condensed period of time that they will afford little benefit to encourage the racing and breeding of horses in Oklahoma. Negotiations with Will Rogers Downs continue as of November 1, 2009 to establish a schedule that will accommodate the needs of the Quarter Horse industry. The current projected purse levels at WRD include a significant carryover of purse underpayment for 2009 (\$1,414,056.) and also include purse money to be earned in 2010 prior to the start of the proposed live race meet. The total projected purse money available for Quarter Horses is approximately \$3,000,000. The funds could be negatively impacted by the tracks request to alter the split of the simulcast purse revenue for 2010. Any change in the current 45/45/10 ratio of funding is not supported by OQHRA. The current projected level of funding available with no supplement from the Tribal Purse Fund divided over the statutory minimum number of races for Quarter Horses, 270 races, will result in an average purse per race of \$11,111 and is extremely competitive with meets considered as comparable to Will Rogers Downs meet by OQHRA in Finding of Facts number 2 of this document. It is important to note that there would not be sufficient funding to transfer purse money to Fair Meadows from the Will Rogers underpayment of purses as has been done in previous years. The purse committee finds that the projected purse levels for the 2010 meet as currently proposed by WRD would be sufficient to sustain a meet with quality of racing comparable to other tracks in the region for 2010.
9. The purse committee has determined that the stakes races previously conducted at Blue Ribbon Downs are essential to maintain and encourage the breeding, racing, and raising of racing Quarter Horses in Oklahoma. In part because Blue Ribbon Downs did not have any overlapping race days for Quarter Horses, Paints, or Appaloosas with any other Oklahoma tracks, it provided very important live racing opportunities for the Quarter Horse owners and breeders in the State. Blue Ribbon Downs also offered a well rounded stakes program which included at least 4 major futurities for 2 year olds in the fall and at least 2 major derbies for three year olds, as well as a desirable slate of

additional stake caliber races necessary to promote and protect the economic health of the Quarter Horse racing industry in Oklahoma. Providing adequate funding for the stakes program with added money from the Tribal Gaming Funds is very important to preserve these quality racing opportunities which afford black type status to the racehorse, the broodmare and the stallion and create incentive to breed and race horses in Oklahoma. The priority goal of OQHRA purse committee is to fund purses in an amount sufficient to provide added money previously earmarked for specific stakes races at Fair Meadows as well as for stakes races that were initially slated to run at Blue Ribbon Downs in 2010. That funding will be allocated to Fair Meadows for the races it conducted previously. Additionally, added money funding will be directed for the Oklahoma racetrack(s) that provide a location to run those stakes races previously scheduled for Blue Ribbon Downs if there is an interruption in that tracks racing schedule for 2010. As of November 1 the possibility exists that Blue Ribbon Downs will not conduct any live racing in 2010. If those races are accommodated at Will Rogers Downs the funding for those races would be in addition to the approximately \$3,000,000 in purse funds projected to be available in 2010 for Quarter Horses at Will Rogers Downs. Unless Will Rogers agrees to increase the number of races offered for Quarter Horses above the 270 required in the Act, the effect of adding those races to the Will Rogers schedule will reduce the number of overnight races offered as they are replaced with the trials and finals for the stakes races, and the level of overnight purses will also be increased.

10. For 2010 the first priority of the purse committee is to direct the funding for added money to the Stakes Races. The purse committee finds that at least sixty percent of the remaining available funding will be best used to supplement the earned purse money at Fair Meadows. If Will Rogers Downs agrees to extend the calendar period proposed for its 2010 meet to provide sufficient duration to provide adequate racing opportunity to conduct all of the stakes races previously slated for the 2010 meet at Blue Ribbon Downs, the remainder of the Tribal Purse funds for 2010 will be directed to Will Rogers Downs. The purse committee finds that it is in the best interest of its participating horsemen that no deduction from added money for stakes races be taken for the Quarter Horse Oklahoma bred program funding or administrative, benevolent, and promotional funding as permitted by the Act. The authorized deductions will be taken from the remaining Tribal Purse Funds that are directed as purse supplements at Oklahoma racetracks. In the event Will Rogers does not offer a meet of sufficient duration to conduct all of the stakes races, the directive may be revised to direct additional Tribal purse money to Fair Meadows or to any other racetrack that agrees to provide additional 2010 racing opportunity for Quarter Horses.

DIRECTIONS FOR PLACEMENT OF 2010 FUNDS FOR QUARTER HORSES

In summary, the amount projected by OQHRA to be available for Quarter Horse purses at the various racetracks in 2010 from Tulsa Area Tribal Gaming funds is approximately \$2,174,000. The OQHRA encourages the commission to recognize that the amount of money to be generated and available for 2010 distribution is based on a projected revenue stream that has proven to be very unstable over the past nine months. The directions from the purse committee may require future adjustment as the actual purse money generated at each racetrack is determined, and as the

actual purse funds remitted to the Tulsa Area Tribal Purse Fund from the Compacting tribes are received by the Commission.

WHEREFORE, for the reasons set forth above, after careful consideration, the OQHRA as a purse committee for the Quarter Horse participants directs that any remaining balance of Quarter Horse funds from 2009 be carried forward and added to the funds generated during calendar year 2010 and further that the funds available for 2010 be allocated and distributed as follows:

FIRST. The purse committee does not direct placement of any funds from the Tulsa Area Tribal Purse Fund to supplement additional increases in the overnight purse levels at Remington Park for 2010 as the projected purse money to be earned from parimutuel wagering and gaming at Remington Park for the Quarter Horses will be sufficient to provide average purses per race equal to or greater than the average overnight purse levels in 2009 based on the number of racing opportunities. The purse levels at Remington Park will be somewhat competitive and comparable to the purses for Quarter Horses at "similarly situated" racetracks for 2010. The purse committee has previously directed that the percentage of Oklahoma Bred money deducted from the gaming proceeds for Quarter Horses at Remington Park in 2009 be 15%.

SECOND. The purse committee intends to direct the placement of \$180,000 to be used as added money for the following races to be conducted at Fair Meadows during the 2010 live meet: OHA Oklahoma Bred Quarter Horse Futurity - \$15,000; OHA Oklahoma Bred Quarter Horse Derby - \$15,000; the Speedhorse Quarter Horse Futurity - \$100,000; and the Speedhorse Quarter Horse Derby - \$20,000. There will be no reduction from the stake races added money for purposes approved in the Act. An additional amount equal to at least sixty percent of the remaining Tribal Purse funding projected for 2010 will be directed to Fair Meadows. The actual amount to be transferred from the Tribal Gaming Funds cannot be finally determined until the amount available as purse money for Quarter Horses can be more closely projected but is anticipated to be \$830,484 after a reduction of 9% of \$ 938,400 to be used for Oklahoma-bred program funding for Quarter Horses, 2.5% for administrative, benevolence, and breed promotion funding. The projected purse levels for Fair Meadows not including stakes added money or horsemen's entry fees will be approximately \$7,000 per race.

THIRD. The purse committee will direct \$430,000 as added money for specific stakes races to be conducted at Will Rogers Downs in 2010 if the meet approved by the commission is of sufficient duration to run all of the proposed races. Those races include \$225,000 in added money for the 2010 Black Gold Futurity program with three \$100,000 guaranteed qualifying divisions and a Championship with a projected purse exceeding \$300,000 for 2010; \$30,000 in added money for the 2010 Black Gold Derby; \$22,500 for added money in the 2010 Oklahoma Bred Quarter Horse Derby; \$22,500 in added money for the 2010 Oklahoma Bred Quarter Horse Championship; \$30,000 in added money for the 2010 Oklahoma Bred Quarter Horse Futurity, and five (5) additional stakes races to be offered with \$20,000 each in added money. There will be no deduction from the stakes race added money for purposes approved in the Act. If Will Rogers Downs agrees to extend the calendar period proposed for its 2010 meet to provide sufficient duration to provide adequate racing opportunity to conduct all of the stakes races previously slated for the 2010 meet at Blue Ribbon Downs, the purse committee will direct the remaining forty percent of the 2010 Tribal Purse Funds to be used for supplementing the overnight purses at Will Rogers Downs after a deduction of 9% for Quarter Horse Oklahoma Bred funding, and 2.5% for administrative, benevolence, and promotional funding as

authorized in the Act. The projected amount to supplement overnight purses will be approximately \$2,050 per race.

FOURTH. In the event an agreement is not reached with Will Rogers Downs, the purse money allocated for added money to the stakes races shall be used as added money for those same stakes races at whatever track they are conducted in 2010. Additionally, in the event the meet at Will Rogers is not of sufficient duration to conduct all of the proposed stakes races in 2010, the additional remaining purse money allocated to Will Rogers Downs will be directed to supplement overnight purse levels at any track that agrees to provide additional racing opportunities for Quarter Horses during 2010.

III.

FINDINGS OF FACT AND DIRECTIONS FOR PLACEMENT OF PAINT AND APPALOOSA FUNDS FOR 2010

INTRODUCTION

1. The OQHRA projects the 2010 gross revenue for purses as \$5,435,000. This number represents a significant reduction from the 2010 projected revenue but is based on an analysis of the 9 most recent months of reported Tribal Purse Fund Income from the Oklahoma Horse Racing Commission
2. According to the State Tribal Gaming Act, the percentage of the Tulsa Area Tribal Purse Funds allocated for Paints and Appaloosa participants is 10% of the total money available for the breeds.
3. Using the estimated 2010 income for the Tribal Purse Fund, the purse committee anticipates \$543,500 for Paint and Appaloosa participants in 2010.

FINDINGS OF FACT FOR PLACEMENT OF PAINT AND APPALOOSA PURSE FUNDS FOR 2010:

1. With regard to Paint and Appaloosa racing for 2010, the purse committee considered the purse levels funded during the 2009 live meets at Oklahoma tracks and projected the anticipated revenue available for those breeds at each track for 2010.
2. In conducting regional comparisons for average purse per race, the purse committee attempted to consider the average purse per race for racetracks in other states that offer Paint and Appaloosa live racing opportunities. The purse committee contacted the American Paint Horse Association and the Appaloosa Horse Club, but neither group could provide average purse per race statistics from tracks in states other than Oklahoma which were tabulated solely for the breed of horse they register. Both national associations indicate that currently Oklahoma provides significantly greater racing opportunity for each of the two breeds than any other jurisdiction. States in this region offering limited opportunity for live racing include Texas, Louisiana, Iowa, and Kansas. None of the tracks in those states regularly schedule a set number of races per day or per week for either breed, and in many cases they may only offer races that permit the Paints or Appaloosas to enter Quarter Horse races rather than

restricting entries to the two breeds individually, making Oklahoma tracks the only valid standard for comparison.

3. For 2010, Remington Park is allocated 50 days of live racing which will include approximately 75 total races for Paints and Appaloosa's including overnight, stake, and trial races. During public meetings with industry participants, the OQHRA in its role as the purse committee adopted recommendations from horsemen to maintain the proposed stakes schedule at Remington Park for 2010 and to add two additional stakes races restricted to participation by Oklahoma Bred Paint or Appaloosa horses. The level of stakes funding recommended for 2010 includes a \$40,000 increase in added money for the two new stakes races and anticipates maintaining the current level of \$6,000 for trial race purses. With the added revenue from the 50 additional electronic gaming machines anticipated to be added before or during the 2010 race meeting the purse committee finds that purse levels will be adequate to maintain the quality and quantity of horses available for the 2010 live meet.
4. For 2010, we find that **Fair Meadows** is a "Fair Meet" and might be more affected by competition from the overlapping the meet at Gillespie County, Texas than any other track running during that period. Neither Eureka Downs nor Anthony Downs in Kansas are anticipated to offer live racing in 2010. During the time frame of the 2010 Fair Meadows live race meet there is little other opportunity for these two breeds to race as no other tracks in the region specifically allocate a set number of daily races or provide segregated purse funds maintained specifically for these breeds and Fair Meadows generally offers an average of two races per day for the breeds. Due to the lack of racing opportunities for these two breeds. Without supplemental purse money the projected purse money available at Fair Meadows for 2010 will be less than \$4300 per race. The greatest need for supplemental funds will be for Fair Meadows in 2010.
5. In 2010 the modified Will Rogers Downs proposal will meet or exceed the statutory requirement for number of races but the limited duration of the meet will create a situation that will not allow for multiple racing opportunities for an individual horse. The purse committee anticipates the track will offer at least 2 races per day for Paints and Appaloosas. Projecting current income based on 2009 earned purse money from gaming, live racing, and simulcasting the purse committee projects a total of \$760,000 in total purse money available for the 2010 fall meet. The average purse per race for up to 60 overnight races can be in the range of \$12,660 per race before any additional added money from the Tribal Purse Funds. Based on these projections, the purse money generated at Will Rogers Downs will be sufficient to attract the quality and a sufficient number of horses to make this meet competitive in the State and the region
6. Blue Ribbon Downs has informed its employees that it does not plan to conduct a live race meeting in 2010. The loss of these racing opportunities will create a serious hardship for both breeds as that track presently conducts almost 40% of the races for Paints and Appaloosas in Oklahoma.

The stakes races previously conducted at Blue Ribbon Downs are very important as an incentive to breed and to race horses in Oklahoma and should be preserved by running them at another Oklahoma track if at all possible in 2010. Supplemental

funds from the Tulsa Area Tribal Purse Fund for added money for the former Blue Ribbon Downs stakes schedule are necessary to provide incentive for another Oklahoma track to pick up these races in 2010.

7. For 2010 the goal of the purse committee is to direct funding that will maintain the 2010 levels of added money for specific feature races for Paints and Appaloosas as previously identified in the 2009 directives; and then to provide supplemental funding with this directive to supplement or increase the available purse money at Fair Meadows until the level of purses at Fair Meadows is comparable to purses offered at other Oklahoma tracks for this breed, with any additional funding divided equally between Fair Meadows and Will Rogers Downs if Will Rogers Downs has agreed to conduct a meet with sufficient duration to provide maximum opportunity for participating horsemen.

DIRECTIONS FOR PLACEMENT OF 2010 FUNDS FOR PAINT AND APPALOOSA HORSES

In summary, the amount projected by the OQHRA purse committee for allocation and distribution to the various racetracks in 2010 is \$ 543,500. This amount represents a 34% reduction from projected funding available for 2009 but is reflective of the average income generated from the past nine months in 2009. The purse committee encourages the commission to recognize that the amount of money generated and available for distribution in 2010 is based on projected revenue. The directions from the purse committee may require future adjustments when the actual amount of funds earned from the gaming conducted by Compacting Tribes as well as the purse money available at the various tracks are able to be more accurately projected.

WHEREFORE, for the reasons set forth above, and after careful consideration, the OQHRA as purse committee for the Paint and Appaloosa participants directs that the money generated and available for placement during the calendar year 2010 from the Tulsa Area Tribal Purse Fund should be allocated and distributed as follows:

FIRST. The purse committee does not direct placement of funds from the Tulsa Area Tribal Purse Fund at Remington Park for 2010 as the projected purse money to be earned from parimutuel wagering and gaming at Remington Park for Paint and Appaloosa horses will be sufficient to maintain or possibly increase the average purse per race for those participants. The average purse per race is comparable to or greater than purses to be offered at other Oklahoma racetracks and Remington Park provides both more opportunity and more purse money than tracks in surrounding states for these breeds.

SECOND. The purse committee directs the placement of sufficient Tribal Purse Funds at Fair Meadows to provide added money for the Speedhorse Paint and Appaloosa Futurity - \$20,000; the Speedhorse Paint and Appaloosa Derby - \$10,000; and the Strike It Rich Appaloosa Futurity - \$ 5,000. The purse committee directs this distribution with no deductions for Oklahoma-bred, administrative, benevolence, or breed promotional funding. The purse committee additionally directs that the remaining funds available for these two breeds be used first to supplement purse levels at Fair Meadows until such time as the Fair Meadows levels reach similar levels as offered at Will Rogers Downs and Remington Park which are not currently directed any supplemental funding for overnight races from the Tribal Purse Funds. The projected amount available for Fair Meadows will be \$ 385,860 after a distribution of 9% to

the Oklahoma-bred fund and 2.5% for administration, benevolence, and breed promotion funding. The average purse per race for Paint and Appaloosa at Fair Meadows will be approximately \$7,000 per race.

THIRD. The purse committee directs placement of \$72,500 in Tribal purse funds for added money to 2010 stakes races if conducted at Will Rogers Downs as follows: \$25,000 for the Pot of Gold, \$12,500 for the Lorelei Derby, \$10,000 for the Cricket Bars Futurity, and \$25,000 for a race conducted under the same conditions as the Talamina Handicap was conducted in 2009 at Blue Ribbon Downs. There will be no deduction from the added stakes money for purposes permitted in the Act. The purse committee does not direct placement of additional tribal purse funds at Will Rogers for 2010 as the projected purse money available to Paint and Appaloosa horses will be significantly greater than is available at Fair Meadows and comparable to funding available for these two breeds at Remington Park. In the event these races are not conducted at Will Rogers Downs, the money will be directed to whatever track does agree to conduct the races in 2010.

IN CONCLUSION

WHEREFORE, for the reasons set forth above, the Purse Committee authorized in the State Tribal Gaming Act for Quarter Horse and Paint and Appaloosa horsemen direct that the commission distribute the funds as specified in this document pursuant to the directions provided herein. The foregoing directions represent the policies established by a unanimous vote of the OQHRA board of directors acting as the purse committee for the Quarter Horse, Paint and Appaloosa racing participants in a meeting held on September 22nd, 2009. The purse committee further advises the commission that in the event the actual accrual of funds from pari-mutuel wagering and gaming are significantly different than projected at any of the tracks, or if there are other significant events or contingencies that the purse committee identifies as having a significant impact on the horse racing industry relating to allocation or distribution of funds pursuant to this directive, the purse committee requests the cooperation of the commission in accepting revisions to this directive.

Signed this 31st day of October, 2009 at the direction of the OQHRA Purse Committee,


Debbie Schauf, Executive Director OQHRA, Inc.

2010 TULSA AREA TRIBAL PURSE FUND DIRECTIVE FOR QUARTER HORSE, PAINT, AND APPALOOSA'S

Adopted by OQHRA BOARD OF DIRECTORS on September 22, 2009

DESCRIPTION	QH	P&A	DESCRIPTION
Projected 2009 Carryover	0	0	
2010 Projected Income	2,174,000	543,500	
TOTAL AVAILABLE FOR 2010	2,174,000	543,500	
2010 FMT Purse (estimated)	- 830,484	-385,860	
2010 OKB (9%)	- 84,456	- 39,240	
2010 Adm (1%)	- 9,384	- 4,360	
2010 Benevolence (.5%)	- 4,692	- 2,180	
2010 Breed Promotion (1%)	- 9,384	- 4,360	
2010 FMT Stakes Races - \$15,000 OHA OKB FUTURITY, \$15,000 OHA OK BRED DERBY, \$50,000 SPEEDHORSE QH DERBY, \$100,000 SPEEDHORSE QH FUTURITY	-180,000	- 35,000	\$20,000 SPEEDHORSE P&A Fut \$10,000 SPEEDHORSE P&A Dby, \$5,000 STRIKE IT RICH ApHC Futurity all at FAIR MEADOWS
2010 Stakes Races \$30,000 QH OKB FUTURITY, \$22,500 QH OKB DERBY, \$22,500 QH OK BRED CHAMPIONSHIP	- 75,000	- 25,000	\$25,000 POT O GOLD FUTURITY FOR PAINTS
2010 BLACK GOLD FUNDING - \$225,000 Futurity and \$30,000 Derby	- 255,000		
2010 Overnight Stake Races (5 @ \$20,000 added each)	-100,000		
		- 12,500	2010 Lorelei Paint and Appaloosa Derby
		- 10,000	Cricket Bar Futurity for Appaloosas
		- 25,000	2010 Talamina Handicap
2010 WRD Overnight Purse supplement funding (estimated)	553,656		
2010 OKB (9%)	- 56,304		
2010 Adm (1%)	- 6,256		
2010 Benevolence (.5%)	- 3,128		
2010 Breed Promotion (1%)	- 6,256		
Balance	0	0	