

BEFORE THE OKLAHOMA HORSE RACING COMMISSSION
STATE OF OKLAHOMA

IN THE MATTER OF:

Directions from the Oklahoma Horsemen’s)
Benevolent and Protective Association, Inc.,)
An Oklahoma Corporation, d.b.a. Thoroughbred)
Racing Association of Oklahoma (TRAO), for)
2012 Distribution of Purse Funds from Tribal)
Gaming in the Tulsa Area)

November 1, 2011

I.

INTRODUCTION

Oklahoma law, specifically 3A O.S. Section 263 (K), requires that participating tribes in the specified area that operate certain games must remit a certain portion of the income from those games to the Oklahoma Horse Racing Commission. Oklahoma law, specifically 3A O.S. Section 263 (L), requires that the distribution of those “purse funds” shall be at the direction of the “purse committees”, which are the official elected horsemen’s representatives as designated by statute. Further, 3A O.S. Section 263 (L) sets out the allocation of the “purse funds” between particular breeds. The purse committees are to meet and provide direction at least sixty (60) days prior to the beginning of a calendar year pursuant to certain criteria that the purse committees shall “consider and attempt to achieve” in making their directives.

On October 13, 2011, the TRAO purse committee met and made findings of fact; with the TRAO Board of Directors approval, they have directed the placement of “purse funds” as stated herein.

Directions for placement of “purse funds” are based on the projected gross revenue the TRAO anticipates will be generated for use by the Thoroughbred industry during the calendar year 2012. This method of allocation is not unlike the projection required by the Oklahoma Horse Racing Commission for racetrack organization licensees when they project purses for overnight and stakes races listed in their license applications each year, which are also made without any guarantee of the actual income that will be available at the time of the race meetings.

To encourage growth and development of live Thoroughbred horseracing and breeding in this State, and considering and attempting to achieve all criteria set forth in 3A O.S. Section 263 (L), the TRAO “purse committee”, with authorization of its full Board of Directors, respectfully submits these findings of fact and directions to the Oklahoma Horse Racing Commission for placement and distribution of 2012 “purse funds”.

With this document, the TRAO “purse committee” states its objective in directing placement of projected revenue from the “purse fund”, and asks that the Oklahoma Horse Racing Commission

recognize that, in the event the projections are inaccurate, either high or low, for any reason, the TRAO has the right to amend and/or supplement its directions for 2012 “purse fund” distributions.

II.

FINDINGS OF FACT AND DIRECTION FOR PLACEMENT OF 2012 TULSA AREA TRIBAL PURSE FUNDS

The TRAO is projecting the total “purse funds” available from the Tulsa Area Tribal Purse Fund (TATPF) to be approximately \$6,481,785. This projected amount is based on twelve (12) \$540,149 monthly deposits into the TATPF. According to statute, fifty percent (50%) of this projected amount, or \$3,240,892, is to be allocated for Thoroughbred purses in Oklahoma.

Oklahoma law, specifically 3A O.S. Section 263 (L), requires purse committees to “consider and attempt to achieve . . . [each purse structure] at a level that is competitive with the purse structures of similarly situated race tracks, including those in surrounding states, and that will encourage the participation by horsemen in that organization licensee’s race meet or meets”. With regard to Thoroughbred racing in Oklahoma, the TRAO purse committees’ goal is to attain the following average purse levels for Thoroughbred races conducted in Oklahoma in calendar year 2012, in part, through the distribution of available “purse funds”. The TRAO recognizes the Thoroughbred purse levels listed below may not yet be sufficient for Oklahoma racetracks to reach the level we hope to ultimately attain, but we do find these purse levels are competitive with similarly situated tracks in surrounding states, to the extent possible, considering the total amount of revenue our State’s Thoroughbred industry has available. The TRAO also feels these purse levels will continue to encourage participation by the Thoroughbred horsemen who race at each of the meets listed.

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|----------------------|--------------------------------------|
| • Remington Park | \$25,000 Per Race Based on 600 Races |
| • Will Rogers Downs | \$16,000 Per Race Based on 320 Races |
| • Fair Meadows Tulsa | \$8,000 Per Race Based on 165 Races |

(Please See Section III. For Purse Formula)

The TRAO “purse committee” has duly considered the current environment for Thoroughbred racing in Oklahoma and surrounding states and has made extensive evaluations to ensure that the placement of said “purse funds” supports the Oklahoma Legislature’s goal to continue the development of the Thoroughbred racing and breeding industries in the State of Oklahoma. The TRAO will periodically instruct the Oklahoma Horse Racing Commission to distribute “purse funds” to the various Thoroughbred purse accounts in an attempt to meet the purse levels shown above.

It should be noted that the ability of the Thoroughbred industry to attain the purse levels shown above depends, in part, on the Thoroughbred industry receiving the percent of simulcast-in revenue submitted by the racetracks in their 2012 racing applications.

WHEREFORE, the TRAO, after profound consideration and in an attempt to further cultivate the Thoroughbred breeding and racing industry of Oklahoma, and after meeting the criteria set forth in 3A O.S. Section 263 (L), hereby notifies the Oklahoma Horse Racing Commission of its intent to transfer and distribute 2012 "purse funds" to attain, as closely as possible, the specified purse levels listed in this directive.

III.

PROJECTED PURSE DISTRIBUTION FORMULA

REMINGTON PARK

2012 Projected Gross Thoroughbred Distribution
\$14,531,742 ($\$24,220 \times 600 = \$14,742,000$)
2012 Projected Gross Thoroughbred Pari-Mutuel Revenue
\$3,552,313 ($\$9,732 \times 365$)
2012 Projected Gross Thoroughbred Gaming Revenue
\$10,979,428 ($\$305 \times 750 \times 365 \times 26.30\% / 2 = \$10,979,428 - 22.50\% = \$8,509,057$)

WILL ROGERS DOWNS

2012 Projected Gross Thoroughbred Distribution
\$5,051,415 ($\$15,786 \times 320 = \$5,051,415$)
2012 Projected Gross Thoroughbred Pari-Mutuel Revenue
248,900 ($\$682 \times 365 = \$248,930$)
2012 Projected Gross Thoroughbred Gaming Revenue
\$2,874,375 ($\$210 \times 250 \times 365 \times 30\% / 2 = \$2,874,375 - 22.50\% = \$2,227,641$)

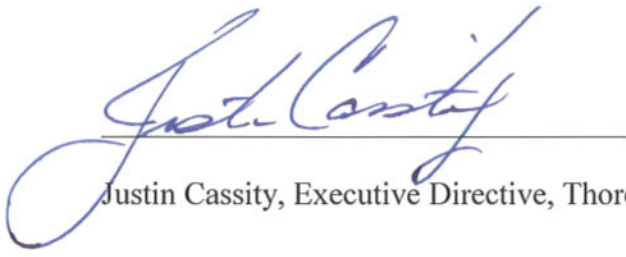
FAIR MEADOWS TULSA

2012 Projected Gross Thoroughbred Distribution
\$1,381,000 ($\$8,000 \times 170 = \$1,360,000$)
2012 Projected Gross Thoroughbred Pari-Mutuel Revenue
\$1,056,100 ($\$2,893 \times 365$)

TULSA AREA TRIBAL PURSE FUNDS

2011 Projected Gross Thoroughbred Revenue
\$3,240,892 ($\$270,074 \times 12 = \$3,240,892$)

TATPF purse revenue will be applied to the respective Thoroughbred purse accounts throughout Oklahoma in an attempt to attain the above mentioned purse levels for Thoroughbreds participating in Oklahoma racing for the calendar year 2012.

A handwritten signature in blue ink that reads "Justin Cassity". The signature is written in a cursive style and is positioned above a horizontal line.

Justin Cassity, Executive Directive, Thoroughbred Racing Association of Oklahoma

