

BOARD OF PUBLIC WORKS  
SECRETARY'S  
ACTION AGENDA  
May 15, 2024



**SUPPLEMENTAL**

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12. **MARYLAND THOROUGHBRED RACETRACK OPERATING AUTHORITY**  
*Approval of Master Agreement.*

**Recommendation:** That the Board of Public Works approve the Master Agreement between the Maryland Thoroughbred Racetrack Operating Authority (“MTROA”) and 1/ST Holdings, the Maryland Jockey Club of Baltimore City, Inc. (“MJC”), the Laurel Racing Association, Inc., Laurel Racing Association Limited Partnership, 1/ST Maryland LLC, and 1/ST Laurel LLC inclusive of the following transaction agreements:

1. The sale and transfer of ownership of the Pimlico Race Course (“Pimlico”) from 1/ST Racing to MTROA;
2. A lease agreement between 1/ST Racing and MTROA for the use of Laurel Park as a transition facility while redevelopment and construction activities take place at Pimlico;
3. A license agreement between 1/ST Racing and MTROA for intellectual property related to the Preakness Stakes and the Black-Eyed Susan Stakes;
4. A loan agreement between 1/ST Racing and MTROA to display the Woodlawn Vase; and
5. An operating agreement transferring the right to conduct all thoroughbred horseracing in the State of Maryland from 1/ST Racing to MTROA.

**Authority:** Sections 10–1005 and 10-1006, Economic Development Article, Annotated Code of Maryland.

**Remarks:** The Maryland Thoroughbred Racetrack Operating Authority (“MTROA”) was established by Chapter 111 of the 2023 Session. To maintain and grow the thoroughbred horseracing industry in the State of Maryland, the MTROA requests approval of the proposed Master Agreement containing the five transaction agreements summarized below.

**Pimlico Transfer Agreement**

MJC, the 1/ST Racing affiliate that owns the Pimlico, will transfer ownership of Pimlico to MTROA as of July 1, 2024 pursuant to a Pimlico Transfer Agreement, for a purchase price of \$1.00. The transfer will include the Pimlico real estate, and all trademarks associated with Pimlico and Maryland Jockey Club.

This purchase and transfer of property is part of a comprehensive negotiation between 1/ST Racing and MTROA, memorialized in the Master Agreement, regarding the future of thoroughbred racing in Maryland. Therefore, MTROA requests a waiver of the appraisal requirements contained in Board of Public Works Advisory 2005-3.

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12. **MARYLAND THOROUGHBRED RACETRACK OPERATING AUTHORITY**  
(cont'd)

**Remarks (cont'd):**

Laurel Park Agreement

Laurel Racing Association Limited Partnership (“LRALP”), the 1/ST Racing affiliate that owns the Laurel Park Race Course (“Laurel Park”) in Laurel, Maryland, will make Laurel Park available to MTROA as of January 1, 2025 pursuant to a Lease Agreement, which will enable MTROA to use Laurel Park as a transition facility while new racing facilities are constructed at Pimlico and new training facilities are constructed elsewhere, after which all racing at Laurel Park will cease and the property will be sold or redeveloped by LRALP. The lease term is three years, with one option to renew for an additional one-year period. The rent is \$1.00 per year for the initial term, and \$3,500,000 for the optional renewal period. MTROA will be responsible for maintaining and operating Laurel Park during the term of the lease. Should the MTROA exercise the sole renewal option of this Lease Agreement, it will not be subject to Board of Public Works review in accordance with §10-1005, Economic Development Article.

Exclusive License Agreement

1/ST Racing will exclusively license intellectual property related to the Preakness Stakes and the Black-Eyed Susan Stakes to MTROA as of July 1, 2026 pursuant to a long-term exclusive license agreement (the “License Agreement”). The initial term of the License Agreement is 10 years. The initial term will automatically extend for successive 5-year periods unless and until MTROA provides 1/ST Racing with a notice of non-renewal at least 18 months prior to the expiration of the then-current term. In consideration of the rights licensed to MTROA, commencing in 2027, MTROA will be obligated on an annual basis to pay 1/ST Racing a \$3 million base fee which will be subject to an annual escalator of 2.5% plus 2% of the handle from the Races.

Woodlawn Vase Loan Agreement

1/ST Racing will lend the Woodlawn Vase to MTROA commencing on January 1, 2027. The license will be co-terminus with the License Agreement. During the term, MTROA has the right to (i) display the Woodlawn Vase at Pimlico or at any other venue as determined by MTROA; (ii) present the Woodlawn Vase to the connections of the winners of the Preakness Stakes during the trophy presentation ceremony immediately following the running of the Preakness Race in each year included within the term, consistent with past practice and custom; (iii) make or commission reproductions and/or copies of the Woodlawn Vase which may be transferred to the connections of the winners of the Preakness Stakes and major sponsors of the Preakness Stakes; and (iv) take photographs or make other visual reproductions of the Woodlawn Vase solely (A) to promote the Preakness Stakes and/or Pimlico, including any exhibitions or venues within Pimlico in which the Woodlawn Vase may be displayed; (B) for educational purposes; and/or (C) for archival purposes.

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12. **MARYLAND THOROUGHBRED RACETRACK OPERATING AUTHORITY**  
*(cont'd)*

**Remarks (cont'd):**

**Woodlawn Vase Loan Agreement (cont'd)**

1/ST Racing retains the right to sell, transfer or otherwise assign any or all of its right, title and interest in and to the Woodlawn Vase at any time during the term, subject to MTROA's rights under the Woodlawn Vase Loan Agreement.

**Thoroughbred Horseracing Rights Transfer**

1/ST Racing will transfer the right to conduct all thoroughbred horseracing activities in Maryland to MTROA as of January 1, 2025, except that 1/ST Racing will agree to conduct the Preakness Stakes, Black-Eyed Susan Stakes, and related undercard races (collectively, the "Races") in the years 2025 and 2026.

An associated entity of MTROA qualified under Section 501(c)(4) of the Internal Revenue Code (the "501(c)(4) Entity") will as a general matter offer continued employment to any person employed by 1/ST Racing providing services at Pimlico or Laurel Park. The 501(c)(4) Entity will also assume 1/ST Racing's obligations under the Maryland Race Track Employees Pension Plan and existing collective bargaining agreements.

The Master Agreement further provides for MTROA's assumption of certain 1/ST Racing operational agreements designated by MTROA following its completion of a due diligence review of such agreements.

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**BOARD OF PUBLIC WORKS ACTION**

**THIS ITEM WAS:**

**APPROVED**

**DISAPPROVED**

**DEFERRED**

**WITHDRAWN**

**WITH DISCUSSION**

**WITHOUT DISCUSSION**