

# MINUTES

## OREGON RACING COMMISSION JUNE 24, 2000

The Oregon Racing Commission met on Saturday, June 24, 2000, at 9:00 a.m. in the Commercial Building at the Josephine County Fairgrounds in Grants Pass, OR. Commissioners in attendance were Steve Walters, Chair; Laura Fine, Vice Chair, via telephone for a portion of the meeting; and Tom Towslee. Richard Reid and David Price were excused. Prior to the beginning of the meeting the commission was welcomed by Al Westhoff, Josephine County Fair, for having the June meeting at their facilities in Grants Pass. Due to last minute knowledge of the lack of a quorum for a meeting on June 23rd, Chair Walters expressed the commission's deep appreciation to Al and everyone involved for their efforts in making the necessary arrangements on short notice to change the meeting date to June 24th. This required a change in location as well as activating a telephone line for Vice Chair Fine to be present via telephone in order to have a quorum. Agenda items were discussed in the following order with resulting actions:

### **1. Approval of May 18, 2000, Minutes**

ACTION: MOTION(Towslee) Approve minutes as submitted.

VOTE: 3 Aye, 0 Nay, 2 Excused

### **2. HBPA/Salem 2000 Race Meet Application - August 19 through September 17**

Dave Benson and Dick Cartney were present to answer any questions regarding the application. Steve Barham recommended approval of the application with delegation to him for approval of race meet officials, stakes schedule and purses.

ACTION: MOTION(Towslee) Approve race meet application and delegate authority to the executive director to approve racing officials, stakes schedule and purses.

VOTE: 3 Aye, 0 Nay, 2 Excused

### **3. Harney County Fair 2000 Race Meet Application - September 9 and 10**

Steve Barham recommended approval of the application with delegation to him for approval of race meet officials and purses.

ACTION: MOTION(Towslee) Approve race meet application and delegate authority to the executive director to approve racing officials and purses.

VOTE: 3 Aye, 0 Nay, 2 Excused

### **4. Requests from OQHRA**

#### **a. Distribution of Oregon Bred Breeder and Owners Bonus Funds from 1999-2000 Portland Meadows Race Meet**

Since the initial request, an amendment was submitted due to additional funds being generated by standardbred simulcasting which slightly changed the dollar amounts in their request. Steve Barham recommended approval of the amended request.

ACTION: MOTION(Towslee) Approve the revised request.

VOTE: 3 Aye, 0 Nay, 2 Excused

#### **b. Hub Revenue Funding**

In summary, the OQHRA was requesting to use hub money to pay for quarter horse purses at the Salem race meet this summer. Steve Barham reminded the commission of their action regarding the request from Crooked River Roundup (CRRU). The decision needs to be made as to whether to spend the money now or to save it for later, however, he cautioned the commission on distributing the funds on a piecemeal basis. Dave Benson, HBPA, came forward and stated he believed he could get board approval to loan the OQHRA the amount of money requested if there were a way to take the funds out of the existing quarter horse purse account at Portland Meadows to repay the loan. If that were possible, the HBPA could fund the meet at Salem.

ACTION: MOTION(Fine)  
VOTE:

Table the request until the July commission meeting.  
3 Aye, 0 Nay, 2 Excused

Following the vote, Chair Walters stated he felt the OQHRA request is different from the one from CRRU because it deals with the issue as to whether or not there is going to be quarter horse racing at Salem. He went on to say, however, he continues to be concerned that the commission does not have a process for distribution of the funds and worries that the lack of a process could evolve into a situation where the money was distributed on a piecemeal basis.

#### **5. OTBA Payment of Owner Bonus and Breeder Awards from 1999-2000 Portland Meadows Race Meet**

Ursula Gibbons requested disbursement of the funds as outlined in her letter. Oregon-breds earned more money this year at Portland Meadows. Steve Barham recommended approval.

ACTION: MOTION(Towslee)  
VOTE:

Approve the request to disburse funds.  
3 Aye, 0 Nay, 2 Excused

#### **6. Oregon Appaloosa Racing Association Proposed 2000 Budget**

Steve Barham recommended approval of 1999 breakage monies over which the commission has authority to take action.

ACTION: MOTION(Towslee)  
VOTE:

Approve budget as submitted.  
3 Aye, 0 Nay, 2 Excused

#### **7. Greyhound Channel LLC 2000-2001 Multi-Jurisdictional Hub License Application**

Ben Hayes was present to respond to any questions regarding the application. Chair Walters congratulated Mr. Hayes for having presented an application that provides the detailed information the commission needs in order to take action on their request. He especially complimented him on the responsible wagering program. Steve Barham recommended approval.

ACTION: MOTION(Fine)  
VOTE:

Approve application as submitted.  
3 Aye, 0 Nay, 2 Excused

#### **8. NTRA 2000-2001 Multi-Jurisdictional Hub License Application**

Brad Higbee appeared on behalf of NTRA Services to answer any questions regarding the application. In wagering aspects they are now reaching into four states signing up account holders and are working with people in a number of other states. In response to a question regarding whether or not the NTRA has a program dealing with responsible wagering,

Mr. Higbee said customer service representatives have had extensive training in helping to recognize problem gambling. They also have people who review activity on the accounts on a fairly regular basis.

ACTION: MOTION(Towslee) Approve the application as submitted.

VOTE: 3 Aye, 0 Nay, 2 Excused

Chair Walters referred back to earlier conversation regarding the amount of funds, or the lack thereof, in the hub wagering account. Where NTRA Services and TVG have been very deliberate in making sure they ruffle as few feathers as possible in particular states, he feels it is absolutely clear that states that have legal pari-mutuel wagering cannot legally prevent competition from legalized and regulated businesses in other states. As an example, he referred to particularly what is going on in New York where there is legalized account wagering and legalized pari-mutuel wagering and yet they are saying they will not allow anyone come in from out-of-state. Chair Walters concluded his comments by stating it is really unfortunate there continues to be a very shortsighted view in so many of the significant racing states on this issue, and that he was hopeful it will break loose within the next year so that the NTRA can realize the potential of their program. It is critical for the survival of horse racing not only in Oregon, which it plainly is critical for our survival, but also nationally.

## **9. Proposed Orders**

### **a. James Comber**

ACTION: MOTION(Fine) Adopt proposed order prepared by the hearing officer as a final order.

VOTE: 3 Aye, 0 Nay, 2 Excused

### **b. Fred A. Hepton**

ACTION: MOTION(Fine) Adopt proposed order prepared by the hearing officer as a final order.

VOTE: 3 Aye, 0 Nay, 2 Excused

(Having completed all the agenda items requiring commission action, at this point in the meeting Vice Chair Fine signed off)

## **10. Multnomah Greyhound Park Update**

Art McFadden reported the track was still down 4% statewide on the live and simulcast handle. They are still averaging a good number for the live, \$120,000 a night which does not include their exports. Their exports are down slightly but they are going up. The Greyhound Channel has been a surprise for them in that they've had two days where they've bet \$1000 into their system. They really didn't know what to expect from them. Simulcast greyhounds are up 3%. Attendance is way up. Simulcast horses are disappointingly down about 1% overall and those are significant dollar pools. The west coast is down the most, however, a big surprise is that harness handles are up significantly. They suspect the off-shore wagering is one of the primary reasons for the drop in simulcast horses. The shopping center preparation is moving according to schedule. Two stores are expected to be open January 1, 2001, and the Fred Meyer store is supposed to be open later in the spring. MGP feels this new shopping center will be great for them.

## 11. Grants Pass Downs Meet Report

Al Westhoff thanked everyone who has helped them in getting this race meet going. Everything has been going well, the amount of horses they have is wonderful, so as a whole everything is going very well. The live race per day has averaged up \$300 per day. Paid admissions are up, and they are averaging \$53,360 a day. Chair Walters commended Al, Josephine County Fair and SOHRA for persevering in their support of racing in spite of the struggles they have had to encounter over the past several years.

## 12. New Portland Meadows Projects Status Report

Following is a transcript of the status report:

Discussion Participants: Steve Walters, Chair, ORC  
Tom Towslee, Commissioner, ORC  
Dave Benson, President, Oregon HBPA  
Dick Cartney, Executive Director, Oregon HBPA  
Jerry Weaver, President, OTBA  
Gerald Robinson, Trainer  
Dick Cummings, President, The Cummings Group  
Al Westhoff, Manager, Josephine County Fair  
Darrell Haire, Western Regional Manager, Jockeys' Guild  
Steve Barham, Executive Director, ORC

Walters: The next item on our agenda, while I get a cup of coffee, is going to be the Portland Meadows project status report. I understand there is no one here from Portland Meadows to make this report. We did receive a letter yesterday from the counsel from Portland Meadows with sort of four short paragraphs of a report regarding the construction progress out there and the negotiations with the HBPA. Frankly, speaking for myself, I'm pretty disappointed in the report because it really doesn't tell us anything. There is no one here from Portland Meadows of whom we can ask questions to get more information regarding the nature of the report and what's going on out there, and I'd like to discuss that with Commissioner Towslee and with the executive director a little bit later on in the meeting. But, one thing I would like to do is I would like to ask Dave Benson to come up and give us your update on where the purse negotiations are with Portland Meadows -- what's been going on, where are you in the arbitration process, just what exactly has been happening -- and I'd also like to hear something about the effect of this situation on horses, horsemen and women in Oregon. So, Dave, if you would please. Dave, Dick, either one of you. It doesn't have to be Dave...

Benson: Mr. Walters, commissioners, I'm Dave Benson, president of the Oregon HBPA, along with Dick Cartney, executive director. As you, I believe, are all aware, our contract with Portland Meadows expired the end of April of this year. One of the parts in negotiation, part of the contract stated that if we did not reach a decision on a new contract by the first of June, that we would go into binding arbitration. We met with Portland Meadows for the month of May, we did not reach an agreement, and the big contention is purse money. We have ran for the last five years for virtually the same amount of, the same percentage. Our purses went down from five years ago to four years ago to three years ago; it has remained constant the last two years, but it's at a level where we are the second...., we're above Les Bois Park in Idaho, but other than Idaho, we are the lowest percentage track in the nation. And that is the main contention of....

Walters: It's the lowest percentage of handle that goes to your purses.

Benson: Correct, and that is the prime part of negotiation for us with Portland Meadows. Through May the only concessions that was offered to the horsemen was one-fourth of one percent of the outbound simulcasting on the first ten million, which would have amounted to a twenty-five thousand dollar

increase for the following year. That was not acceptable and, therefore, we executed the binding arbitration provision.

- Walters: So, what's the status of request for binding arbitration? I know your contract, I've looked at it, but when was the process initiated and what's going on with it, Dave?
- Benson: The contract did not state when you had to go to arbitration other than if you did not reach an agreement by June 1, it would go to binding arbitration. Our attorneys have contacted the attorneys for Portland Meadows. They did not receive any response until Tuesday of last week, at which time we were told, and again this is hearsay...
- Walters: Tuesday of this week or last week?
- Benson: Of this week.
- Walters: Okay.
- Benson: We were told that they were busy working on the EPA issue and now that that's pretty well complete, apparently, that they have talked to us. They would like to void, amend the contract, the last contract and void the part that goes to binding arbitration if we can reach an agreement, and they would like to mediate that out and see if we can't reach an agreement, which we couldn't do during the month of May, but again, there have been no meetings of the attorneys. The purses as...
- Walters: When did your lawyer contact theirs to request the arbitration?
- Benson: First week of June, immediately after arbitration. For the first two weeks all the correspondence was done by voice mail. They never did call back and were able to meet face to face, you might say. We have seen over the past couple of years but primarily last year horsemen have left Portland Meadows. They are now racing in Arizona, New Mexico, California. You know, we've got people going to Idaho this year because of our fair meet situation. We've lost jockeys; we ended our meet at Portland Meadows last year with ten to eleven jockeys. You couldn't even run a twelve-horse field because we didn't have enough jockeys. There's just a participation in Oregon is down considerably because the funding isn't there, and our goal as HBPA is to increase the amount of purse money. We are not going to ask for the moon because number one, no track can operate initially with the way things are in Oregon, but we have ran (*sic*) for five years without any increase. We're losing the participants, and the only way we're going to maintain racing in Oregon is to increase purses. You know, a lower amount now, but we have to have an increase.
- Walters: Do you think if you got a reasonable increase, and I have no idea what that would be and I don't want to get in the middle of negotiations between Portland Meadows and the HBPA, but do you think if you got a reasonable increase that it would stop the flow of people out of Oregon and could it bring people back?
- Benson: I believe, that's a difficult question... The answer is yes. If we had a reasonable increase, yes, we would see the flow from Oregon stopped. I believe we would see a lot of participants come back to Oregon. The lower level at Emerald Downs today, if we had purse money, what we'd like to have would be equal to Emerald Downs on low end. Our cost of training in Oregon is considerably less than that at Emerald Downs, so I think we would see a lot of those horses stay in Oregon rather than go...
- Walters: How low is Emerald now going on a claiming price? What's their bottom claiming price?
- Benson: Well, thirty-two hundred...
- Walters: Thirty-two hundred...

Benson: ...is the bottom and they're running for purses of, what, four thousand, Dick?

Walters: They're down to thirty-two hundred.

Benson: Yeah, okay.

Walters: I mean, that sort of dropped sort of slowly over the years as well.

Benson: But, we average presently right now, including stakes money, we're averaging three thousand dollars a race. And if we had sufficient purse money to get that up, I believe we would see a lot of those people coming back. I think we would see more jockeys running here. They, obviously, can't make a living any more than the trainers or the owners in this business. But, right now we have no negotiations have been completed at this time...

Walters: And no arbitration....

Benson: I'm sorry?

Walters: And no arbitration. Do you have anything to add, Dick?

Cartney: Well, no. I was just going to say no arbitration at this point. Last time we talked with our attorney, I believe he did get a call from Portland Meadow's attorney and they were going to try to get together and see if they could agree on someone to arbitrate the case, but that would happen early this week, and so we have not heard back from anybody in that situation, so that's where it's at as far as we know at this time.

Walters: Tom, do you have any questions?

Towslee: No, not for Dave or the executive director.

Cartney: I would like to say one other thing while I'm here. I agree with Dave and the commission, of course, that purse money is very, very important, and I think that's the key for any horseman. They're going to need to have the opportunity to at least break even if they can. One other thing I believe that's hurting us here is a little bit of the uncertainty of the situation in Oregon. I have people calling me on the phone, horsemen, several times a week wanting to know what's going on. Is everything on track? Can I depend on the meet being there? Should I buy more horses? Should I get out? And, I'll be honest with you, right now it's very difficult to answer those questions, and I think it makes it very hard for... In horse racing, I am sure you know, most people know, that a lot of these decisions have to be made two or three months, if not years, in advance. It's not just something you can decide one week you're going to go here, and go. You have to plan those things out a little bit earlier, and I think the situation that we have right here is hurting because people really don't know what to do.

Walters: Thank you very much. Well, I'd like to ask you one more question. You know, there was a proposal a couple of months ago, a request for dates from The Cummings Group for a potential race meet at Salem. Given the uncertainty and if something happened where Portland Meadows couldn't run, didn't run, in the fall, how do you view Salem as an alternative if The Cummings Group or somebody could put a meet together?

Benson: Personally, and I'm not speaking on behalf of the HBPA...

Walters: I understand...

Benson: I believe that The Cummings Group, the potential operator of the Salem race meet, would do more for the horsemen in the next few years than what we've experienced in the last five, six, seven. Their intent is to run a meet that is favorable to horsemen, we're talking of increased purse money over what we would even envision at Portland, and I think that would bring a lot of the horsemen

back into the business that have been out. I know of two individuals that have said, "You get the purses up another one and one-half percent and I am buying horses today", and I think we would see that. I think that would benefit the OTBA sales coming up in September. The sale last year was a disaster average-wise. I think they will admit that. We have to have increased purses in Oregon to provide a better sale there and for people to get back in this business.

Walters: Obviously, you recognize that as business people you recognize that a track operator needs to make money, and as I understand it, your goal is not to take all of the profit out of Portland Meadows.

Benson: Absolutely not. No, we have conducted a thorough study of tracks around the nation, other HBPA affiliated tracks. Ninety-five percent of those tracks, after state tax, after breeder monies, and so on, they share fifty/fifty between the track and the purse account. There are a couple of exceptions to that, Washington being one who gets six and one-half percent. And we're not asking to be on par with any track, but we're asking, it's our show. Without the horsemen there's no track. I think that they have to realize that and at least offer something where we can have an opportunity to make a living at it...

Walters: And you have to make a living, too.

Benson: Oh, absolutely. We're not demanding fifty percent of their money at all. We sure would like to be there like all other tracks, but let them get on their feet first and grow.

Walters: Thanks very much.

Towslee: If I may...

Walters: Sure, go ahead.

Towslee: That's fine, Dave. Thanks, Dick. You know, just listening to the two of you, the concerns about the Portland Meadows meet seem to be pervasive in the industry with one notable exception - Portland Meadows. They have, Brian Ferryman when he was in front of us last month was fairly blasé about his dealings with the EPA and all of the problems that the track faces. And the one thing that we have mentioned here today is, I think, maybe the biggest issue is the lease negotiations. I don't know where they are with that or what kinds of impact those negotiations have on their reluctance to want to do a contract with you and their financial situation. But I look at the letter we got from them this week and I see no progress and, in fact, the case could be made that there's been some backsliding since last month, and we're three and one-half months away from a meet. It's really difficult for me to know, I think we should be making greater preparations for what to do in the event that Portland Meadows can't open on October 15th. This letter only confirms that belief. I had it a month ago, and I had it today. I'm really at a loss as to what direction we should go to make sure that there's racing here this fall. Not only that, my biggest concern is if Portland Meadows cannot open on October 15th, what to do with the request, that frankly I anticipate, to simulcast without live racing. I would be surprised if we did not get that kind of request eventually. So, I think there are a number of issues at stake here, and I'm getting real concerned about the time line.

Benson: This is primarily our concern as well. As Dick mentioned earlier, people are calling us and Dick sits there every day. Mr. Barham has been out there on a weekly basis at Portland Meadows, and we haven't seen anything happen.

Towslee: Well, the credibility of Portland Meadows is a major issue here, because if those people were to call Portland Meadows, they would get a blanket statement that, yes, we will run. But, they call anybody else in the industry and you're hemmin' and hawin'. Who's right, and who do you believe?

Walters: We're going to talk about this a little more after the break, but our executive director advises me that he really needs a break. So, we're going to take five minutes.

BREAK

Walters: Can we come back to order, please? Before we broke, we were discussing the report on the New Portland Meadows. Dave Benson in his remarks had mentioned the effect of this uncertainty and the purse structure on breeding of thoroughbreds in Oregon. I'm sure that would apply to quarter horses as well. Jerry Weaver is here from the OTBA, and Jerry, if I could, I would like to get your perspective on the situation in Oregon with respect to purse structure and racing opportunities. I'm glad to see you walking so much better.

Weaver: Thank you, Steve. I'm Jerry Weaver. I'm a breeder, an owner, a trainer. I'm also the current president of the Oregon Thoroughbred Breeders Association (OTBA). There are troubles with Oregon breeders. We've just gone over the lack of purses and the lack of purses, I would say, are really one facet of the trouble that we're having with Oregon breeders. The quality of horses decreased in the state of Oregon, and I would say that a friend of mine, the vice president Jack Root, says it's not a lack of horses, a lack of quality horses, it's a lack of owners is what we have. You cannot have horses without having owners. Years ago there were many people, trainers who never owned a horse. Traditionally we see now that virtually every trainer owns many of these horses by himself or in partnership because we just do not have the owners out there. Maybe because we don't have good horses is because there is a lack of races for better horses, and this reflects back certainly to the lack of purses. We have a..., our adjoining states there increased and better incentives than what we have in the state of Oregon, not percentage-wise now in what we run for purses, but because they race for so much better purses even though their percentage would be down, the net to the breeder or the owner of the horses is increased by being in another state. The better trainers with their horses and their owners are leaving Portland Meadows now. They're leaving the state of Oregon. Dave went over this and Dick did. The horses that are left in the state of Oregon could not have gotten stalls here three, four or five years ago. They wouldn't even be there. Many of these trainers did not have a strong enough stable to do it, not a balanced stable, they just tend to have mostly all lower claiming horses and they are the ones that are taking over the stalls at Portland Meadows right now. So, even though the stalls are filled, they are not the same quality that we had four or five years ago. I sort of feel that we at the OTBA, and I'm saying this sort of as an individual and maybe not as the representative of the OTBA. I have not asked them, the board, can I say this, so most of this is coming from me. If it's good, it's coming from them; if it's bad, it's coming from me. There.

We at the OTBA have not taken an active role as we talk about the administration of the live racing. Our charter does not let us do this, but we have other different functions there to do that there. It doesn't describe our objectives. Another thing. We have no voice other than just our opinion in the running of a track meet. That is between the management, between the Racing Commission and between the HBPA, and our function sort of is to produce the horses and not have anything to say about it. I feel bad that we have not said something about it. We feel some real regret that, I do, that should have vocally expressed our concerns about the things that are going on at these race meets. One thing we did do because of a board meeting we had, we met with Dick Cummings from the TVG at the time commentators on TVG on Oregon races were saying very derogatory things about how cheap it was, that Oregon racing was, and why would anybody be there, and those kind of things. Well, after we made our comments to Dick Cummings, he immediately spoke to the people who were in power at TVG, and those comments stopped. So, even though it was not our function, we took it upon ourselves to have our function, and I felt very good about that we had done that there.

Maybe had we spoken up earlier that there may have been some direction from the Racing Commission, if possible, towards the management of PM that would have, in our eyes, have improved the picture of live racing in Oregon. About three years ago I stopped at five o'clock in the morning at a little convenience store in St. Johns, which is ten minutes from the track. I had a house down there and I was living there. The little girl who I paid for my cup of coffee there, she

said she noticed my racing license. She said, "Oh, are you at the race track?" I said, "Yes, I am." This is probably the middle of March. She said, "When do you guys open?"

Towslee: Right.

Weaver: It's, that showed me when a girl ten minutes away from the track does not know that we are open, that there has been a great lack of promotion there. She may have been the only one, but I don't think so. It was a very typical thing there.

We have had a lot of problem with night racing, and we feel that this night racing decreases our ability to ever attract an owner. I have said you will never promote an owner to night racing, and it may be just my thing but I don't think so. We have lousy weather at this time. Oregon people will go out in the daytime, they're used to being out in the rain but it seems that by 9:00 o'clock at night you're tired of it, you don't want to be there any longer than that. There is nothing aesthetic about racing in the middle of the night in the rain. They're bad conditions, usually it's cold and it's nasty and it's very difficult to get anyone out there, an owner out there and have him excited about being there to see these races. I do not feel, I have not felt good about taking people to night racing. It seems like it went somewhat as an experiment we were going to night racing. I didn't feel that the handle increase ever justified the inconvenience of being there, and even when it was obvious that it was not working on Saturday, nobody ever changed. We just kept running at night. They said, well, we will do it next year. This puts a big load upon the horsemen and upon the horses, maybe not the horses, I don't know that horses care when they run or not, but it certainly does the horses (*sic.*) and certainly decreases the aesthetics and the pleasure of it enough so that nobody is going to come out and decide, I would like to own a racehorse. I don't know why anybody would want to own one that has to race in the middle of winter up there.

The HBPA, their concern is purses, the dates, the track conditions, etc., but we in the OTBA our concern is with the breeding of better horses, breeding enough horses, providing education for our members so that they know how to breed these horses, breed better horses, how to take better care of them. Maybe our function also is to somehow or another provide for enough help for these breeders so that they will not move to other states, and lastly perhaps, to provide to sale so that the horses they're breeding are able to sell. Because of the uncertainty and maybe the low purses, this year have only thirty-six horses so far entered into our sale. There is some debate of whether we will even have a sale this year because there's a certain number that we need to have to be able to show a little profit in, I don't that we even care if we lose a little money, but when you talk about thirty-six, forty or fifty horses, we're talking about taking a big hit on this sale. This is not profitable, this costs us money.

Personally, as myself as being an Oregon breeder, I have had no Oregon-breds in year 2000, zero. My horses are bred in Washington, California, and I had one born in Kentucky. Jack Root and I were talking about it and he said, "Well, what's the advantage of having a Kentucky-bred over an Oregon-bred?" There is no advantage at all. There is having a California or a Washington-bred, but it was a choice I made that I could have brought the mare home and foaled her in Oregon, and I would have had there been enough incentive to so do, but I chose not to. I left her in Kentucky, foaled her and bred her back to another horse.

Because of the night racing and even before the uncertainty of the track, I had virtually decided that I probably will not race in Portland in the year 2000. This is the first time in thirty years that I have not raced in Portland. And, maybe without some dramatic turnaround in what's going on in Oregon, if I have the chance I may move my farm, too, out of the state of Oregon, either into Washington or California. Others have done this, others are following. So, I am not alone in this here. These breeders and these farms leaving is a great loss to the state of Oregon. Should I do it, and I can speak about it personally, should I do it myself? They would lose just one and one-half full-time employees not counting the groom that I have at the track, which is another employee there. I spend four to five thousand dollars a year on farrier services, that's three hundred, three hundred and fifty dollars a month, something like that there. I spend an extensive amount of money on veterinary services do that, and should I be gone, all these will be gone. I buy three

semi-loads of hay at least every year that come to the farm. Fifty tons of straw, twenty tons of oats and many other goods and services that, perhaps, are too numerous to mention of things that I buy, go into town to buy, that are for the horse farm. If this farm would change from a horse farm to a cattle or a sheep farm, every bit of this would be gone. Instead of buying semi-loads of hay a year, perhaps it would be half a semi-load a year. There would be no oats, and instead of needing fifty tons of straw, I can get by with seven or eight tons of straw for sheep or for cows.

And should I leave the state of Oregon, it will be a great loss to me because I'm leaving the beautiful state where I'd like to be. But, I feel it is a greater loss for the state of Oregon that they're losing this farm, this employment, this purchasing power of these materials and services that is going to be purchased within some other state, in California or Washington.

Maybe the point of all this, for breeding to continue in this state we need maybe the pro-activity that we have not provided because we never felt it was our thing, but I feel that we also need the pro-activity of the Racing Commission and of the HBPA that we are not just concerned about the purses that are going to be administered or whether the backside is improved, but about the quality and the aesthetics of the racing that go on for the breeders of the state of Oregon. I think that's end of what I had to say about this.

Walters: Thanks very much, Jerry. Just a couple of questions. Your comment on the foal you bred in Kentucky. What I understand you are saying there in the discussion you were having with Jack is that Kentucky doesn't have owners and breeders awards because they're sufficiently arrogant that they don't think that they them. But, your decision was it wasn't worth the cost to you to bring the mare back to Oregon to have the foal bred in Oregon and then have the mare shipped back to Kentucky to breed her again. You left her in Kentucky and, so, just that transportation cost...

Weaver: Yes, that was it. The mare is coming back now anyhow. I'm shipping her in. She has a Kentucky foal at her side, she has a very nice stallion service that she's carrying right now, and unless something dramatically changes, this foal will be dropped in Washington or in California when she comes home. That's what's happening. I am not alone doing this. I would say that we're seeing a change from people who are very serious about doing this that it's becoming more of the hobby people that are doing it. They raise one or two of them, and I'm not degrading them, but they are not breeding the quality of horse and going to the effort that the real serious people are going, and there are a number of those within the state of Oregon who are drifting away. It's a great loss to us to lose these, certainly to the OTBA. These people who are serious are going to breed horses. It's just where are they going to breed them. Without some of these considerations that I've mentioned, they're going to be gone.

Walters: The other point that you're making about sort of a domino effect, that if your farm were to leave Oregon with one and one-half employees, but they hay, the farriers, the veterinarians costs and that sort of thing, that is one of the things we have argued typically in the legislature is that racing is an agricultural business, it isn't just a gaming option. But, with the breeders deciding to move their farms elsewhere, you get to the point where it is just a gaming option rather than an agra business. Is that sort of the point you were making?

Weaver: Yes.

Walters: Whatever support we get in the legislature and the court of public opinion, that gets lost as the farms leave. Is that sort of the point you were making?

Weaver: Something can be said. I like sheep and I like cows, but there is nothing prettier than a farm that has good, nice fences and thoroughbred horses out there. There's nothing prettier. They're even pretty if they were quarter horses.

Walters: It's a real drag to watch sheep and cows race.

Weaver: Yeah, they don't race very good.

- Walters: I guess the last point I would make, and I really do appreciate your comments here and I think they are very important, a point you made is that the OTBA is traditionally not seen it to be in its mission statement to sort of be an advocate on issues relating to racing and the quality of racing. Now, Ursula has been loyally attending commission meetings and participating in committees and that type of thing, and she is an eloquent spokesperson for issues relating to breeders and owners in Oregon. I would urge the OTBA, this is a critical time for racing in Oregon as I think we all know, and I would hope this would be the start of whether or not you have some official legal interest in the operations of a race track or what's going on in racing in Oregon, I would hope you would be out front with advocating the interests of Oregon breeders and Oregon farms and just spreading the message of the effect on Oregon if this agricultural business is lost and we continue to bleed breeders and bleed good quality horses. That's a message I think needs to be delivered and you can deliver it better than anyone. So, I would hope that you would continue to do that.
- Weaver: Well, I can't deliver it any better than anyone, but I was here to do it, and somebody had to do it, and I don't know that I got pushed into it but I pushed myself to do it because I feel that it's very important. I would really like to stay in the state of Oregon. There is no place that I can imagine that would rather live and die than in the state of Oregon. Washington's not bad and Northern California's not bad, but they're not Oregon, and if I have to I'm going to go there.
- Towslee: Jerry, first of all, I appreciate your comments. I know they're thoughtful and gives me an insight into the problems that you're facing. I don't think that the problems that you face can be traced to any one particular source, however. Maybe we can trace it back to the lottery and casino gambling, but I think there's been a number of things that have happened over the last few years that have created the situation that we have in Oregon today. And here's sort of my concern and it goes back to your comments about the quality of the horses that are declining at Portland Meadows. Let me just ask this as a rhetorical question and you can answer it any way you want. Are we trying to maintain a major league track in a minor league state?
- Weaver: I don't know, Tom, whether we're trying to maintain a major league track in a minor league state. I look at the efforts that are being made by the NTRA to increase the interest in horse racing. It seems like we have been thwarted in our efforts to maintain maybe just a AAA team here rather than a major league team, that the game has not been promoted and moving to night racing, I feel it there may have been some hope that it was going to increase the purses. What have we seen? We've seen purses go down...
- Towslee: I'm not sure that night racing...
- Weaver: Well, I'm not either, in doing it. You're never going to have nice, nice racing at night. Maybe we could do it one night a week, but three nights a week in the winter time... People come out and have a good time, and I personally became interested in racing going to the fairs. It's fun, fair racing is. Portland Meadows is not fun any longer.
- Towslee: It's always been the position of OTBA, or at least I don't know if it's been an official position, but your organization has been very supportive of the idea that you wanted to showcase your product at a major track.
- Weaver: Yes.
- Towslee: Are you telling us now that you don't think that that's necessarily the case anymore?
- Weaver: No. I feel that if it is, and Portland Meadows could be this major track, but Portland Meadows has become not what it was as a major track. The thing that I said, I do not feel good about taking people out there. People tell me, put it in more eloquent terms than that about taking people to the races there. Some people say are downright ashamed to take people, they have been ashamed this last meet to take people to Portland Meadows. Probably I would tell you that I might not have said this because every time I ever mentioned anything that tended to be a derogatory towards

Portland Meadows, I heard about it. One day in my dental office both Brian and Gene Ferryman are on the phone because I had written an article in the *Oregon Horse* in my president's message that said...

Towslee: You're not alone in that one.

Weaver: My article said, and it was probably about the only derogatory thing that I ever said and it wasn't derogatory, I looked at it as the truth, and said that a Lake Oswego girls' tennis team gets more publicity during the year than does Portland Meadows, and they're chewing my butt out about this here. The next time I wrote one perhaps a little nicer, and part of this is because I'm sitting in two chairs at once. One is I have these feelings but the other thing is if I write it too bad and things that they don't like, all they have to do is tell the racing secretary, don't give Jerry any stalls next year and I wouldn't get them. And right now I don't care. Because probably regardless of what happens I am not going to go back. I'm so damn sick of that night racing.

Towslee: I think, though, that the condition of Portland Meadows may a symptom of a much larger problem. Maybe you can blame the management, you can blame night racing, blame whatever you want, but there are systemic problems in the industry that may just be more visible at Portland Meadows than you may see somewhere else. My question is, what do you do about these mounting systemic problems and still maintain a viable racing industry in the state? Where do you race? How do you race? What times do you race? Those kinds of questions really concern me, and the decline in the quality of horses that you point out make me wonder if maybe we shouldn't be thinking about racing in a more suitable environment, one that's more consistent with the horses that are running.

Weaver: I believe that Portland Meadows, that the major race meet in this state, that we could race in the summer time. Go head-to-head with Emerald Downs. It just happens to be my opinion and we would race in the best time of the year. The live handle has not mattered a whole lot to what had to do with purses. The purses are driven by the simulcast, not by the live handle. So, if that's going to be true, why not race when it's fun? When we can attract these owners and perhaps the live handle will come up. I know, don't know whether this is true or not true because we've never run in the summer time in the state of Oregon to find out. How this would be worked out with the Kennel Club, I have no idea how it would be but it just seemed like it might be a nice time to do it. Then horses, if there were be stake races, they would ship back and forth between... I'm not advocating this, this is up to people that do that. I look at my job and our job as the OTBA we're trying to produce the horses and try not to make too big a \_\_\_\_\_(unintelligible), but it's got so that it has got into our business right now. The great deterioration of what has happened in the racing in the state of Oregon has really started to interfere with our business and maybe we should have been proactive two or three years ago, but we also are somewhat dependent upon, we lean upon Portland Meadows, the OTBA, and we want them to make a living, we don't want them to be mad at us.

Towslee: I wouldn't beat yourself up too much, Jerry. The OTBA is a great organization, but I don't think under any circumstances does it have a magic wand that would have solved the problems that face the industry in this state.

Walters: Thank you very much, Jerry. I appreciate your coming. Anybody else have anything they would like to say about this issue with respect to the Portland Meadows report?

Robinson: I thank the commission for letting me come up here. My name's Gerald Robinson. I train horses, I stand two stallions, we bred sixty-eight outside mares to our stallions here in Grants Pass. We do run horses here in Oregon. I think I started thirty-five horses here at this meet. We moved up here because Grants Pass had a nice little training track. We train here during the winter. I've taken horses from here up to Portland Meadows and they've done very well. But, I'm in the dilemma of where do I want my mares to foal? Do I want them to foal here in Oregon or do I want to go down to California where we have a ranch down there? I've tried to support the racing here. We brought a graded stakes stallion up here, stood him in Oregon...

Walters: Who's that?

Robinson: His name is "Just Right Mike". We bred to him for five hundred dollars a piece, let people breed some nice mares. We have an appy stallion which is one of the leading appys in the nation, "Miles JJ", we're trying to get some appy horses up here. But, here we sit with Portland Meadows, and I'm saying to myself I've got to know myself out of all the horses we run we own ninety percent of them. We like it that way because we can dictate our destiny. But, I'm going to Portland Meadows. They say, okay are we going to until September 10th to say if we're not going run or whatever? I need to know within the next thirty days where my destiny's going to lie. We have a ranch down in California. I can, I have a never... influx of horses from down there I can bring up here and run. But, if they're not going to run here, then I'm going to tell my parents to sell the horses and let them go to Turf Paradise. And I hear Portland Meadows, I had one of my mom's corporate attorneys, he just happened to be going up there through that area. There's nothing happening at Portland Meadows. As far as I'm concerned The Cummings Group, they're going to do more for horse racing if some dates are given to them and we run at Salem. At least we'll know that we have a base that we're going to be able to count on something. I can't keep my horses in training, and believe me it's cost me a lot of money to go and just run here. I made a commitment to Al I'll keep all my horses right here and run them right here in Grants Pass, which we have. But, now between here and Salem there's six weeks time. What do we do? Thank God I don't have a bunch of clients that I've to make excuses to. I can go and take my horses to Ferndale, run them down there, keep some down on the fair circuit when Salem starts. I already talked to Wally, we'll have our stalls at Salem because we're committed to running horses here in Oregon. But, the commission has to help us. We're here to help you guys to put on the show of horses, but you have to give us something in concrete, yes, we're going to run in Portland or yes, we're going to run in Salem. Then we can go and make some kind of commitment to ourselves where we're going to run. As far as I'm concerned what I've heard from the Cummings Group, and I have nothing to do with them, I'm an individual right here in Grants Pass. They're going to do more for racing, they're going to put something back in these fair meets. The money's going to run out. The commission only has so much money, the quarter horses have only so much money to put in these fair meets. This year, and I belong to SOHRA, they've stretched as far as they could to make this thing work. I think we owe them a hell of a lot of gratitude for what they all did, but the well's going to run dry. And Portland Meadows, I would be appalled to have owners come to my ranch and bring mares to my ranch if my facilities looked like Portland Meadows. I'd be ashamed to bring them back here if my stalls and my area looked like Portland Meadows. It's a dump.

Towslee: Mr. Robinson, I sorry I didn't catch it. Do you have thoroughbreds or quarter horses?

Robinson: I have thoroughbreds, quarter horses and appys.

Towslee: Tell me which is more important to you. To race at a mile track or to race at a five-eighths mile track.

Robinson: It doesn't make any difference.

Towslee: What does make a difference? Is it the purse, is it the quality of the facilities? What makes a difference to you between racing at Portland Meadows and racing...

Robinson: As far as I'm concerned at Portland Meadows track is very adverse to the horses. It is a veterinarian's dream. The next time you're at Portland Meadows see what the owners and trainers drive and look what the veterinarians drive. You tell me who in the hell is making the most money. You've go veterinarians right out of school driving fifty thousand dollar rigs working out of them. I'm sorry, you know. And it's a fact. You've got veterinarians there driving Expeditions and everything else. How many trainers do you see driving Expeditions? We're lucky if they can get the rig there to the races with horses. But, that's beside the point. I'm just saying Portland Meadows, you know, we've heard for a lot of years they've been crying wolf. I would like the commission to go and set a date that if they don't have "X" amount of work done by that time, they're cut off, their

dates are given to Salem and at least they can get the race meet going so we have something in concrete so I can go and at least run my business. And I thank you very much for your time.

Walters: Thank you very much for your comments. I appreciate it. Anyone else like to come...? Dick? Dick. How's Kentucky?

Cummings: Dick Cummings, The Cummings Group. Kentucky is hot and humid but not nearly as hot as this room is today.

Towslee: It's getting warmer, isn't it?

Cummings: I thought it might be enlightening if I would just spend a few moments explaining what's transpired since the application for racing dates that The Cummings Group submitted in April. At that point in time The Cummings Group had a permit in place with the Oregon State Fair which basically stated that The Cummings Group was an approved permittee at the Oregon State Fair for horse racing in the year 2000 and possibly the years 2001 and 2002. In the intervening time again between April and now The Cummings Group has been spending a fair amount of time visiting telephonically and personally with any number of lawyers regarding possible litigation relative to the permit that was duly executed by a then authorized individual at the Oregon State Fair. Everybody now knowing the history, no sense repeating that, an existing race track facility in this state, which will remain nameless, apparently determined it would be appropriate action to essentially challenge the permit that was granted and issued to The Cummings Group back in mid April. The Cummings Group, naturally, takes a contrary notion of that opinion, however, when one is trying to do business with a state entity it probably makes sense to have them as a partner as opposed to an adversary. So, over the intervening course of time of roughly sixty days The Cummings Group has attempted to prevail upon the Oregon State Fair to issue an RFP as opposed to standing by the potential of litigation regarding the validity of the permit or not to The Cummings Group. The long and the short of the story is that The Cummings Group has acceded to the request, essentially, of the Oregon State Fair to essentially self declare void and null the permit that was in place in mid April to which, unfortunately, The Cummings Group represented to the Oregon Racing Commission at that point that we had a valid permit to operate a horse meet at the Oregon State Fair. While that wasn't necessarily correct several days later, we have not yet been informed that the permit is null and void, but we have essentially delivered correspondence to the Oregon State Fair saying that we will accede to the RFP process. So, I anticipate that the RFP process will commence relatively quickly. I can assure you that The Cummings Group will enthusiastically pursue...

Walters: Relatively is such an interesting word...

Cummings: We've been led to believe that it will be disseminated shortly after the 26th of June which, of course, is Monday. It was theoretically going to be done...

Walters: And what fuse, what timeframe?

Cummings: That I don't know. I'm hopeful that in times past it's be as short as two weeks. This could be a two week or thirty day. I know that thirty days seems to be a magic number in that kind of environment. I don't know that The Cummings Group is prepared to state categorically today that we will submit a race meet application at the July 20th Racing Commission meeting, but I can assure you that no later than August we will, and quite possibly, if the timeframe allows for it, we will submit it in July if, in fact, we can overcome...

Walters: If you have control of the facility...

Cummings: ... the procedure hurdles.

Walters: ... that would allow you to do that.

Cummings: Yes. Yes indeed. We're looking forward to the opportunity, frankly, of dealing with the breeders, with the owners, with the trainers, with all segments of the horsemen, certainly with the Racing Commission, the Jockeys' Guild, and, frankly, the public in attempting to put together what we hope will be a meaningful racing environment. So, I thought it, I'm sorry to take the time to do that today...

Walters: No, I appreciate the information...

Cummings: ...but I thought it would make sense to let you know where we are.

Towslee: Just one question, Dick. The State Fair has made the decision that they're not going to race, that 2001 will be their last season of racing at the State Fair. As I understood, as I read that article in the newspaper, and that's as much as I know about it, that was a pretty definite timeframe. Are you, is your application, your negotiations with the State Fair long-term?

Cummings: The intent would be for it to be long-term. If they're precluded from doing that from whatever procedural standpoint, I would understand it. But if that's the case, I would attempt, the Group would attempt, frankly, to seek an alternative location. In other words, if, in fact, racing can't be held...

Westhoff: Come on down... *(in the background)*

Cummings: ...sotto voce...

Towslee: My guess is, though, the State Fair's commitment to the end of racing in 2001 would be tied to whether or not they can make money doing it.

Cummings: I would believe that that would be the determining factor...

Towslee: The management of State Fair may have changed. I don't think the philosophy has.

Cummings: Well, the good news in this room today, there is an expert, a legislative expert, Mr. Nelson, who probably has much keener insight into that matter than I do. I would suspect that if the obvious benefits are made known to the legislature, I would like to think that there's the opportunity for that to continue in a meaningful way because there's certainly nothing any of us have seen through the task force process and procedure that indicates that there's a significant amount of revenue generation possible for the State Fair under the scenario in which we envision that that would be at the State Fair, I think that there would ample revenue to demonstrate to leadership and to the legislature itself that it would be a meaningful relationship long-term as opposed to short-term.

Walters: Thanks, Dick.

Cummings: Thank you very much.

Walters: Anyone else? I would like to ask Darrell Haire is here from the Jockeys' Guild. Darrell, if you could make a few comments. Does the situation with purse structure at Portland Meadows and the uncertainty there, what effect does that have on the jockey colony? We have heard from several sources that, you know, by the end of the meet last year there was something like ten or eleven jockeys. You couldn't run a twelve-horse field and, obviously, Emerald's opening a little earlier had something to do with that, but is that something in the willingness of jockeys to come to Portland Meadows or to come to a major race meet in Oregon is the purse structure and the uncertainty surrounding it?

Haire: Well, the uncertainty is really a big factor, Mr. Chairman. I feel that it's such a, there's such a negative feeling. With horse racing in Oregon what I'm seeing is with Portland Meadows, and I've only up here four or five times now, and instead of promoting the sport and making things better, there's just so much uncertainty. What Portland Meadows is doing to keep racing going, whether

they're going to run, whether they're not, the riders... It's not very good as far as conditions over there. The jocks' room, it's not appealing to many riders, and I feel they're not making the effort to make things better. For instance, at our last commission meeting, Woody at the end of the meeting he said to me, "I'd like to meet with you in September to go into the jocks' room and see what we can do to make conditions better," but he said, "but we don't really have much money." And I said, "Well, Woody, September? The meet opens in October?" So it's all that. It's not I feel like it's they're just, it's not in good faith. I said, "Why don't we meet in June and July if you really want to do something to improve conditions." They don't even have, to paint the place to make it look better, make it cleaner. The hot box leaks, there's no cook. You go in there and it's like just a, it's not a very good feeling. So, purses, there's not much money. Four days a week, night racing, it's just not a very positive feeling at all.

Walters: We've heard from various people that what we're seeming to end up with in racing in Oregon is the owners and the trainers who don't have any other options. Is that sort of what we're ending up with jockeys as well?

Haire: Exactly.

Walters: Thanks, Darrell. Do you have any questions, Tom?

Towslee: No. Thank you, Darrell.

Walters: I think what I'd like to do and, chime in anytime you're ready, Tom. Obviously, we don't have a quorum. We can't take any official action here. And so, what I'd like to do is request the executive director to move forward on a number of fronts. As I said at the outset, and it's hard because the people from Portland Meadows are not here and I don't intend this, and I didn't intend it to be just a "let's-all-gang-up-and-beat-up-on-Portland Meadows" session. But I think we have a potential crisis here in horse racing here in Oregon with our major race meet which the commission in the past has appropriately committed to Portland Meadows as sort of the flag ship track. I have expressed the sentiment very, very strongly. We have done everything possible to make sure they have the full benefit of simulcasting rights and that type of thing which goes with that major race meet. But we have a real crisis here, I think, based on the uncertainty that affects everybody including the management at Portland Meadows, and I know that they're trying to deal with a lot of different things. Having said that, I will say again as I said at the beginning of the meeting I am *really* disappointed in this report and the lack of detail and the lack of information that we've gotten in this report, and it may not have been avoidable that no one from Portland Meadows could be here particularly with a change in the meeting, I just don't know because there's no one here to ask. But, I'm very disappointed in the level of detail. One of the things I would like the executive director to do is to get with the management of Portland Meadows next week, and I would like a memo from the executive director to the commissioners as soon as humanly possible getting detail on the issues addressed, or mentioned not addressed, mentioned in this letter. What is the situation with the Environmental Protection Agency? What is situation with the construction at Portland Meadows? I'd like to know what the construction schedule is; I'd like to know what the critical path is, if there is one. I'd like to have that information as soon as possible.

Secondly, I am very disappointed about the status of the negotiations on purses. The contract does have a process for purses, and obviously, you know, it is a major issue as we have heard here today with respect to the quality of racing in Oregon and what I refer to as the "bleeding" of horses and owners and jockeys from Oregon because of that. Now, I don't intend to dictate or try to influence good faith negotiations, but I am concerned about the dragging of the process and the slow rolling of the process. I am concerned about things I've heard about whether or not if the HBPA were to prevail in the arbitration whether or not Portland Meadows would proceed on the basis of that contract, something that concerns me very, very much. There may not be any truth to it, I don't know, but I've heard those things and they concern me a lot. So, I'm very concerned about those issues as well, and I would like to see some action on that.

Thirdly, at the last meeting Portland Meadows committed to have a race meet application for us to consider and in the shape we could act on at our July meeting. And you know, if we did have that and could act on it, that would be a pretty solid commitment that there would be racing there and the terms of which there would be racing. My present inclination is that we ought to receive that application no later than two weeks before the July meeting, and failing that or failing having an application that we could act on, I would be willing to entertain and would encourage others who would have alternative plans for racing during that window to come forward, request dates, perhaps submit an application as well. We do have a crisis. Time's wasting, and I don't think we can afford to just dribble along with this sort of lack of information anymore.

So, those would be my thoughts for how we should proceed. Tom, do you have any disagreements or thoughts?

Towslee: No, not at all. And I agree with you that... I've been moving, kind of been pushed this way for the last couple of years. I've had some serious doubts about Portland Meadows, but there was always a lack of an alternative. I think I've been pushed more down that track by the conversation we had last month with Portland Meadows and this letter. I'm becoming more and more convinced that we need to look at other alternatives to winter racing. And as part of that it's been obvious to us, to me that some of the issues with the industry are purses and breeder awards and conditions at the track and communications between the track operators and the people who race horses. Whoever comes forward with an alternative application were to address those issues, particularly breeder awards and purses, I think it would help me and probably help the industry understand what's at stake here in terms of getting more money for their product at the sacrifice of racing at a mile track versus a five-eighths track. I would like to see those numbers and what kind of purse structure and what kind of breeder awards structure would be available if racing were to take place at some site other than Portland Meadows. So, if that could be part of that, maybe that's part of the application process...

Walters: It would be. Are okay on this? We know where we're headed?

Barham: I think we know where we're headed.

Walters: Okay. Thanks. We don't have a quorum, and we don't have any more business, so we're adjourned. Thank you all for coming very much.

There being no further business, the meeting was adjourned.