

MINUTES

OREGON RACING COMMISSION JULY 20, 2000

The Oregon Racing Commission met on Thursday, July 20, 2000, at 11:00 a.m. at Portland Meadows to conduct an on-site inspection of backside projects which was followed by a luncheon hosted by the HBPA. The commission took no action during the inspection. The regular meeting was called to order at 1:30 p.m. in Room 140 of the Portland State Office Building located at 800 NE Oregon Street, Portland, OR. Commissioners in attendance were Steve Walters, Chair; Laura Fine, Vice Chair, Richard Reid, Tom Towslee and David Price. Prior to the discussion of agenda items Chair Walters thanked New Portland Meadows for the tour and the HBPA for the luncheon. Agenda items were discussed in the following order with resulting actions:

1. Approval of June 24, 2000, Minutes

ACTION: MOTION(Towslee) Approve minutes as submitted.

VOTE: 5 Aye, 0 Nay

2. New Portland Meadows 2000-2001 Race Meet Application

Following is a transcript of discussion and action on this agenda item.

Ferryman: Good afternoon, Chair.

Walters: Good afternoon.

Ferryman: Commissioners. We have submitted our 2000...

Walters: I'm sorry, Brian. If you would just...

Ferryman: Oh. Brian Ferryman, Portland Meadows, with David Brown, counsel for Portland Meadows. We have submitted our 2000-2001 race meet license application and it's pretty generic. Every year they seem to be about the same as far as details and whatnot. We are applying for eighty race days starting October 18th for simulcasting and our first live day would be on October 19th and we would conclude the meet April 29th. We are planning this year on running Thursday, Friday evenings at 5:35 p.m. and Saturdays at 12:35 p.m., and that is a change from last year. We found that it just didn't work on Saturday evenings, so we are going back to traditional time to race on Saturdays. We will have a mixed breed meet with quarter horses as well as thoroughbreds. We are working right now with the HBPA to hammer out a purse agreement. We have tentatively, well, it's scheduled right now for the 31st of July to have a mediation session and we will have, if there isn't resolution at that time, I think it's either the 17th or 18th or 18th or 19th of August we will have arbitration. I can go through the race meet application section by section or we can do it...

Walters: I think that you don't need to go through each section of the race meet application, Brian. Obviously, there are a number of questions, and they're related. I guess we're combining agenda item No. 1 [sic] and agenda item No. 7 which would be the New Portland Meadows project status report, which I think would be appropriate to do. And you have given us the status of the situation on the purse negotiations and the purse agreement. At some point after we have asked you questions I would like to hear from the HBPA on their perspective on where you stand. But, obviously one thing that is of critical importance to everyone here is the status of the work on the backside, and you and David have, you've sat down with Steve Barham after the last commission meeting and provided him with considerable information updating the status of those construction projects. I know that you and Dave Brown have met with, I think, each of the commissioners to give us updates on that and then we had the tour as well so we could see what was going on and to ask questions about it. But, for our record and in connection with the race meet application I'd like you to please give us a summary of what the projects are, where they are, anticipated completion dates and that type of thing.

Ferryman: Okay. It's really kind of a two-stage project. First, we have, to comply with the EPA we are building a dry waste storage facility which 36 x 250 foot holding barn, and what will happen is the straw and waste will be deposited within this building. And then a semi-truck will come into the building, be loaded, covered and then taken to the mushroom farm. We have discussed this with the Department of Ag, and they have approved this type of waste removal.

Walters: Are you aware of situations where this type of waste removal is being used in other locations?

Ferryman: I don't know the location, but I have documents that the U.S. Department of Agriculture has approved this type of removal.

Walters: What is, and since you've started with that one, why don't you tell us where you are in the process of installing that dry waste removal facility.

Ferryman: As you know, our other plan was a lot more aggressive than what this one was, but our engineers were leading us down that road and I guess its, we thank God that we found this other option because the other one was just getting so expensive. But, we have hired an engineering company to design this building, Berger/Abam. Dave Brown, another Dave Brown, is the lead engineer on it, and he has indicated to us that we should have drawings by next Friday. At that point we will submit to the City of Portland... The building itself is not something that's a hi-tech building or anything. It's a pole barn. He's indicated to us that the permitting process isn't going to be as rigorous as the process of putting pipe in the ground and going to the City of Portland sewer system and all the other things. He feels we can get through that process relatively quick.

Walters: This is your engineer?

Ferryman: Yes.

Walters: And do you have an idea of the timeframe that would qualify as reasonably...

Ferryman: The outside would be six weeks is what he tells me.

Walters: Okay. And then once you get the permits... Have you started, or what, the demo...?

Ferryman: Yes, we did start demolition this week, and we are hoping to have the building totally demolished by next Friday. We do have a permit from the City of Portland to do that.

Walters: And once you get the permits to do the construction, how do you anticipate that proceeding?

Ferryman: Then we will have a pole barn contractor hired already. They tell us it takes four weeks to erect the building, and then virtually the only other part of it that we would have would be the concrete company to do flat work. We have some electrical work and hanging lights and some of that stuff, but that can be done during this whole process. But the two main issues is [sic] the concrete floor and the building.

Walters: Are you taking any steps to try to expedite the construction?

Ferryman: And we really are. The engineers have come up with a plan that the pole barn company would start on one end of the facility and concrete people would start on the other end, and then they would pass somewhere in the middle, or the concrete guy would get done much sooner and then it gives curing time. So, they're really working at the same time so we don't have to do one part and then the other.

Walters: And what is the anticipated construction time once you actually started doing the construction?

Ferryman: Well, the pole barn company says four weeks. I understand that there's twenty-one day cure time for concrete, so, you know, we're looking at five, six weeks probably.

Walters: Because, as I understood you the concrete is likely to get poured in less than four weeks...

Ferryman: Oh, yes.

Walters: So there will be part of the time that is construction on the barn would be cure time for the concrete as well.

Ferryman: Right. But if the building is four weeks to erect it and, um, there's going to be some touchup things that will need to go on during that time. I'm guessing from permit issue time to finished completion, five, six weeks is what I'm estimating right now.

Walters: Do you anticipate, I mean, if you just sort of piece together those number of weeks it kind of drives it up close to the start of the race meet that you're requesting in this application. Do you anticipate having to delay the start of the race meet if that's not...

Ferryman: No, not at all.

Walters: Why not?

Ferryman: If we need to, you know, it's great that September a very dry month. If we need to we will use the existing method of how we take the manure off the ground, but I'm anticipating we will be done in time.

Walters: A related question, and it may be addressed more properly to Dave Brown, in terms of where you are with the EPA. You've come up with this new solution that at least the State Department of Agriculture has signed off on, so you're going ahead with it. How does this fit in with the EPA actions, and Dave might be the proper person to answer that.

Brown: Sure. For the record, David Brown. The EPA doesn't actually approve plans like this. That's been delegated to the Department of Agriculture, so the approval by the Department of Agriculture should be sufficient. The EPA technically has jurisdiction to supervise that but they've been very open and cooperative on this part of it, and so we're very optimistic. We still will have an issue with the EPA over a fine for past Clean Water Act issues, but the pendency of that fine will not interfere with opening of the race meet or with the return of horses to Portland Meadows.

Walters: Why is that?

Brown: The EPA would have to seek an injunction, and it would be their policy not to seek an injunction if an approved mediation plan is in place.

Walters: And you've had discussions, I take it, with both the EPA and the Department of Agriculture about, that give you some level of confidence that they would not step in and say you've got to stop, you can't have horses here?

Brown: Yes, right. We have talked with both agencies and, frankly, the response has been very encouraging.

Walters: Just, that covers the questions I had with respect to the waste water issue. Do other commissioners have questions regarding that issue?

Fine: I just had a question regarding demolition of Barn 4, and if you gave this information, I apologize, I missed it. What's the timeline, how long does it take to tear down and remove all the rubble from the...

Ferryman: Next Friday we'll be done.

Fine: That's great. Thanks.

Walters: Not as long as it takes to build.

Towslee: Once the building is done, is there equipment that goes inside of the building?

Ferryman: Our original plan called for a conveyor system, and after meeting with our engineers, they decided that that's probably not the way to go, and I'm following their lead on that. We already have the equipment to load the semi-trucks. He said why don't we just increase the height of the building and use the same equipment you already have.

Towslee: Which is what?

Ferryman: It's like a forklift that has a basket on the front of it. It goes under the material, clamps down, lifts up and then dumps into the...

Towslee: Shovel. Giant shovel.

Ferryman: Basically.

Towslee: Okay.

Walters: Why did your engineer recommend that you not go forward with the conveyor system?

Ferryman: They're, you know, it's just you have maintenance issues, you have safety issues, and it, you know, breakdown issues, it just goes on and on and on. If you can find a simpler solution you should do it, and that's basically why they said, you know, this other one's proven that it works.

Walters: Any other questions about the waste water issues? Steve?

Barham: Um, I got a call yesterday from a guy from Multnomah Drainage District, and I talked to Dave out there at the track. Do any other agencies have to sign off on this? I mean, does that drainage district have to sign off on this or do you know...

Ferryman: That I don't know. I, I...

Barham: ...because I did get a call yesterday.

Ferryman: He's here, so you could probably ask him if he thinks he needs to sign off. I have not heard that on a dry system if he needs to sign off...

Barham: I guess, I guess...

Ferryman: ...because we're decreasing the surface that would run off. So, I would think that their agency would be happy with us.

Barham: Yeah, and I don't know. I'm questioning, you know, simply what the drainage district does. There're still going to be horses out on hotwalkers as I understand it. Is that issue being addressed, not addressed, or whatever, and I guess...

Ferryman: The Department of Ag when we sat down and went over our plan with them, we went over the hotwaker issue, the washing issue, and they approved this facility and this idea with all those things in mind.

Walters: Did you have any views on whether or not drainage district needs to sign off, Dave?

Brown: I'll talk to Dave Hendricks when we're done here, but I don't think so. The system that we were proposing he played a key role in because it was surface water management, and that's what his agency does is surface water management. Now the process will be a dry waste management, and so I don't think that he'll have a role to play in it. He still is going to want to know about we manage surface water in that area, but I don't think that the Department of Ag/EPA overlay will be part of that responsibility anymore.

Walters: Any other questions about the waste water issues? How about the other construction issues, Brian.

Ferryman: As the commission is aware, we have an issue on the backside where doing some maintenance on nine of the barns. You were able to see what we're doing today, and I think we gave you the details on types of repairs that we're doing, from pointing cracks in the block to removing walls and replacing them with wood timber-framed walls. We right now have a crew that's working about 50 hours a week Monday through Friday. On next Monday I'm starting a new crew that will work Monday, Tuesday next week and then they'll work Saturday, Sunday, Monday, Tuesday from then on, and we'll just have crews going and we're anticipating as we get permits, we have two permits now, when we get done with Barn 1, they'll give us a permit for Barn 3. When we get done with Barn 2, they'll give us a permit for Barn 8, and then so on and so forth until we're done. Will we be done by the beginning of the race meet? I'm not sure, but I think that we will still be able to continue to work on the barns. We may have to do some shuffling of horses around while we're working on the shed row that, where we're doing the maintenance, but I don't see it being a huge issue.

Walters: Just so as I understood you, that beginning very soon you're basically going to have two crews and you're going to schedule them in a way such that you have a crew working every day.

Ferryman: Yes.

Walters: What have you accomplished to date in terms of construction on these barns?

Ferryman: We've gone through and we've taken out all the feed sheds that are attached to the barns that were in very bad disrepair. A lot of the feed sheds were built by the horse owner on that side of the building and they weren't done to any specific code or regulation or anything else, and some of them have been standing for many years. But, we've taken those all out. We've pressure washed almost every building, I think we've pressure washed every building, but I can get an exact answer on that. We've painted the ends of all the barns. We've gone through and in Barn 1 we've taken out all the walls that need to be replaced on, if you call it, "A" side of Barn 1. We've replaced all the walls that need to be replaced. We are getting some angle iron clips either tomorrow or Monday so they can finish up side "A" of Barn 1, and each of those walls that they're building out of 2 X 6 lumber takes about an hour to build. So, as these two crews get going and figure out the fastest way to do this, I think it's going to be done relatively quick. They just need to work out their scheduling.

Walters: And there are nine barns that you need...

Ferryman: Nine barns total.

Walters: You showed us some work on Barn 14 that you had already done. Why don't you describe for us what that work is and what you've already done.

Ferryman: Well, Barn 14 is an all wood barn, and as most people know horses chew on whatever they can chew on, and there needed to be some work done to the front of, against part "A" or side "A" of Barn 14 and we did that. We took out all the old wood, recycled it, and then put new timber up.

Walters: And you put new footings...

Ferryman: New footings under it, so they should be good to go for some time in the future.

Walters: You gave me an estimate of the number of stalls you'd already done...

Ferryman: About one hundred and eighty stalls that we've replaced the front.

Walters: And once your crews get going, do you have an estimate of, sort of, how much time it requires per barn to get done?

Ferryman: It's really hard to say that right now because there are some barns that most of the work is just repointing cracks. We have from concrete company some machine that has been ordered that you dump, it's almost like a plaster machine or something, you dump the mix in the top and then it has a tube and then I guess you can go through and repoint really fast with it. So, we're supposed to have that within the next week or so. That'll expedite that part of it very quickly. So, you know, we're working every day and going to do everything we can do to be done in time.

Walters: Any questions by other members of the commission regarding this issue? Steve, do you have any questions? I suppose the other thing that I would like to ask you a little bit about in, on your application and, you have Exhibit "W" to the application where you lay out in some detail the number of races you ran on particular days and the number of entries you had in races that were not run where you had extras carded, and actually maybe some of the ones that were run were initially carded as extras or whatever. And I think this is in response to an issue that has been raised about the, there is, as you know, a statutory requirement of nine races per day. Could you sort of walk through this Exhibit "W"...

Ferryman: I'd be happy to.

Walters: ...and then lead that into a larger discussion of the issue of making sure you're able to satisfy the statutory requirements.

Ferryman: Okay. Just start at the left and work our way to the right is probably the easiest way. I believe there's twenty-six days on there, I haven't counted in a while, but it's twenty-some days, and on each of those twenty-six days we ran eight races. It's not due to us offering less than nine races because we generally offered many more than nine races, but we did have eight races on those days. The next column, two columns, break out what kind of horses ran on those particular days. Some days we ran no quarter horse races which typically we run one week we would run five quarter horse races, one on Thursday, two Friday, two Saturday, then the next week we would go two, two and two. There were a lot of instances that we weren't able to do that just to lack of stock. The next two columns indicate the number of races that were offered to the horsemen to run for on those particular days. I think the lowest is thirteen races offered and we get up into eighteen, and I think

there's even an instance where there's more than eighteen. So we made an effort at trying to figure out what horses and what mix of races we could use to make sure that we were at that nine level or more. The next column basically lays out, of those races that were not filled, how many horses were entered in each, by each breed in each particular race that didn't fill. As you can see it goes anywhere from six down to zero. It's, the numbers are what the numbers are. We could have run a race with six horses. Our agreement with the HBPA is on stakes races if there are six or more entrants we will card it, and if it's a claiming race if there are seven or more we would card that, so, and that's probably why we didn't run the six horses on that particular day. If you look at the next column it talks about average number of horses ran on those particular days where we had eight races. It gives you the number of the horses that average that ran, so that's pretty self explanatory. And then the last column, if we would have picked the highest, the race with the highest number of horses and ran it, the impact is what that average shows. We did some calling around, and we found that through July 6th Emerald Downs had 8.1 horses per average start per race up until that point. We were at 8.28 last year. Hollywood Park, there's a story in the Racing Form where it talks about they ran 8.2. So, I think it's, pretty much tells us that that's about where the west coast is and I think it's probably the nation. So, we're in that mix. How do we solve this problem? Last year and I think I showed all the commissioners some statistics on different times of the year, there were empty stalls on the grounds, anywhere from 106 in January to 449 on April 24th. What we would like to do and we've been prohibited from doing it is to see if there's some space available to house quarter horses. We'd like to take one barn and make that available for quarter horses so we can go to states, Idaho, go to Utah or Wyoming, and try to recruit not only quarter horses but people who have both quarter horses and thoroughbreds.

Towslee: Brian, on that point, are you saying that you could meet the nine race minimum if you could stable quarter horses?

Ferryman: I think it would help us a lot.

Towslee: Or do you think the nine race minimum is unrealistic and needs to be changed?

Ferryman: I don't have enough information to say that it has to be changed. I think there could be a more creative way of having it in the statute to where if you're offering races and the condition book committee, which is horsemen and management, if they sit down and improve the condition book and it just doesn't fill, you know, we shouldn't be violating state statute. So, there could be some ways that that statute is rewritten to where there's still motivation from an operator to run as many races up to nine or more, but you aren't penalized if for some reason it doesn't fit in.

Towslee: The inability to stable quarter horses is a function of your contract with the HBPA?

Ferryman: Correct.

Towslee: Is the HBPA going to be up here at some point today?

Walters: I'm going to ask them to come. I hope they will.

Towslee: I'd be curious as to the reasoning behind that. I'm sure there is one and I'll hear it in a minute, but I'm having a hard time, I've heard this before and I'm having a hard time finding the logic in putting quarter horses in empty stalls.

Ferryman: So, we are looking at that as one option. Another option...

Walters: On that option if you look at something you had pointed out to me before, if you look at your numbers there were more days when your lack of nine races appeared to be due to the lack of filling quarter horse races than thoroughbred races.

Ferryman: Several of them were, yes. So, you know, there's quarter horse guys who travel a long ways to come to Portland Meadows just to put their horses back in their trailer and drive a long ways away to go home, you know, and we should be able to accommodate them better than that I think. So, we will try to do that. Naturally we are under contract negotiations with the HBPA and, you know, that's just something we're going to have to try work out. Another issue, which again is going to take support of the HBPA, is taking a look at the different claiming prices, the different conditions that are put on a race, and maybe tweak those a little bit so we can maybe get more horses in a category which, in turn, hopefully would create larger fields.

Walters: Are other tracks doing that?

Ferryman: You know, I'm not an expert on it. If I could have Jerry Kohls speak to that, our racing secretary. He has a lot more information on that than I do. Jerry?

Walters: You can't hide, Jerry.

Kohls: I was trying.

Walters: Could you state your name for our record?

Kohls: Jerry Kohls, racing secretary, Portland Meadows.

Walters: Thank you. The question was Brian was suggesting and we had a conversation yesterday where he talked about this issue of having so many different conditions on a race that you sort of slice the pie very thinly and so you might have a bunch of horses that qualify, a few horses that qualify for a lot of different races and that maybe sort of reducing the number of conditions in the condition book could help fill races more. And my question was whether or not do you know what the practice is at other tracks? Do we have more conditions, are other tracks going to fewer conditions, what's going on?

Kohls: We don't have, it all depends at different race tracks. The larger race tracks you usually really don't see any "never win threes", you know, they'll write conditional allowance races. What we do is since we're a smaller track, and most smaller tracks run "never win threes", back in the mid west they'll run "never win fours", "never win fives". I sat down with the HBPA last year, and a couple of years ago what we did is we would have "never win twos" and "never win threes" in each claiming level. Well, what we did is we narrowed that down and we just gave them three, I think it was \$3200 claiming, \$6250 claiming and then allowance with the conditions "never win two", "never win three". Now, that's something that, you know, we can discuss with the HBPA and maybe we only have two with those, two levels with those conditions. Some tracks don't write "never win threes". I don't know how if we eliminate the bottom level "never win threes" and force them to run wide open, I don't, you know, we might lose some of our competitive races. One other idea that I had, actually I had a couple of years ago, was to eliminate a couple of the claiming levels. I think between, right now we have our bottom claiming level is \$2500, \$3200, \$4000, \$5000, \$6250, \$8000 and \$10,000. Those are basically our claiming, and I think that's our...(counting) seven of them. What I proposed to the HBPA was doing a claiming \$2500 and then jumping it to \$3500 and then \$5000, \$7500 and \$10,000, which would be five categories. That would eliminate two and still give everybody a, you know, kind of group the horses together a little better. And I looked at several condition books throughout the country and for our type of racing it looked to me that we were offering too many claiming between the \$2500 and \$10,000.

Walters: In your view, and obviously this is something that is subject to trial and error and experience and very much subject to discussion with the horsemen, but in your view would sort of reducing the number of conditions or reducing the number of claiming levels or something like that perhaps be a step toward the problem of filling nine races?

Kohls: Well, I don't think it would hurt any.

Walters: Are you a lawyer?

Kohls: No. (laughter)

Fine: Have you thought about it?

Kohls: No, I think it would just, you know, now there's a lot of trainers, if you have like, there's not much difference between \$3200 and \$4000, but yet you'll still have some horsemen that won't run for \$3200 and have to run for \$4000, and there are some that will run for \$3200 and won't run for \$4000. So, if you have something in the middle there for them, say, okay well we're not going to have a \$3200 claiming or a \$4000 claiming, we're going to have a \$3500 claiming and that's it. And then it will jump up to \$5000.

Walters: Thanks, Jerry. Brian, did you have some thoughts on the issue of filling races?

Ferryman: Well, you know, we're going to try be as creative as possible. Some specific things, you know, we've talked about, looking at different states, you know. How, and it gets, same kind of thing with the gambling public. You try to steal other people's product, and that's what we're going to have to try to do.

Walters: And by stealing other people's product, you're talking about going to other states and basically trying to recruit, that sort of thing?

Ferryman: Yes.

Walters: And I assume that enlisting the horse men's help in that would be a big part of this as well.

Ferryman: Correct. And we'll send Jerry out on the road prior to, when we get our stall apps and have him go out and try to hustle horses as well.

Walters: Any other questions on this issue from members of the commission? One other issue that I think that is very much on people's mind and mine, and I'd like you to tell us what you can about the situation, is the situation with your lease and your relationships with the property owners. We know that there's some litigation, and we know that over periods of time you have had various negotiations with those folks. And so, if you could...

Ferryman: I think I'll defer that to Dave. That's probably the easiest way...

Walters: That's fine.

Ferryman: ...because I'll probably say something I probably shouldn't because I'm not a lawyer.

Walters: Thanks.

Brown: We have litigation pending with the landlords which is unfortunately the same situation that we've had for a number of years. The, there's a dispute over the condition of the track and there's a dispute in which the landlords, some of the landlords, not all of them, insist that the lease is either now subject to termination or has been terminated, a position with which we vigorously disagree. I don't know when that's likely to be scheduled for trial...

Walters: When was it filed, Dave? Are you able to give me a month?

Brown: I think May, April or May. And it looks like it will be a complicated case because it has multiply parties and the parties have different issues, there's counter claims, etc.

Walters: But, in Multnomah County?

Brown: Yes.

Walters: In general, as you know, twelve months is kind of been...

Brown: We're not expecting a result before the end of our race meet, and of course, I would like to be quoted as saying that we believe we have strong defenses and intend to defend it vigorously. So, and we are very interested in trying to reach a settlement with the landlords and we hope to have continuing discussions with them shortly.

Walters: Any other questions on this subject from members of the commission? Steve? One other question that I did want to ask you. You gave us the dates of the mediation and the arbitration regarding the purse agreement with the HBPA. I mean, basically if you don't settle it in mediation on the 31st of July, do you know, Dave, is it the 18th or 19th of August when you would go to arbitration?

Brown: No, I...

Ferryman: (To Dave Benson, HBPA) Do you know what the exact date is?

Benson: (In background) It was my understanding was 16th or 18th.

Ferryman: Okay.

Walters: Okay. But, basically if you don't agree you go to arbitration and then you'll have an agreement. I mean, the arbitrator will say here's what your agreement is and so you will have an agreement at that point.

Ferryman: Correct.

Walters: Any other questions about that from members of the commission?

Towslee: I have one question on a totally different subject here. On page 5 of your application under economic analysis of live racing and simulcasts, you have a phrase here: "...efforts to increase the number of off-track sites in Oregon..." Can you expand on that a little bit? What are we talking about here?

Ferryman: Well, right now I think we're at seventeen off-track sites and the statute allows for twenty. So we are always looking to see if there's another viable site out there.

Towslee: In some areas of the state that are not being served?

Ferryman: There are several areas in the state that aren't being served, but most of them with any population have been tried and it was deemed that there just wasn't enough population in those areas to support...

Towslee: But this is not an effort to expand beyond twenty-one?

Ferryman: No.

Towslee: Very good. Thanks.

Walters: I've exhausted my list of questions about this application, and I do intend to ask for testimony from other members of the industry regarding this application. But, do other members of the commission have any other questions on any other subject for Brian and Dave at this point?

Ferryman: Thank you very much.

Walters: Dave, Dick, would one of you folks mind coming up, both of you perhaps, and just giving us your take on the state of the purse negotiations and any other issues related to this application?

Benson: Dave, president..., Dave Benson, president of Oregon HBPA...

Walters: Dave, president is fine...

Benson: Oh, well, close enough. And Dick Cartney, executive director of Oregon HBPA.

Walters: Okay, and one question is just so that on our record, can you confirm that what we've heard about where you are in the purse negotiations, you have a mediation scheduled for the 31st of July and then an arbitration scheduled for, I have the 16th or the 18th or 19th of August, is that where you are?

Benson: Those comments are as we understand it as well, yes.

Walters: Okay. Any other thoughts that you have about this application, any other comments you have, any other questions you would like to have the commission ask of the applicant?

Benson: I think one thing I would, Commissioner Towslee asked or made a comment about the contract on whether quarter horses could or could not be stabled on the grounds, and so on. That is not part of our existing contract, it's not even discussed in the present contract whether we allow them or disallow them. We obviously are concerned that we have enough stalls to meet a, conduct a meet.

Towslee: Well, as long as, so what you're saying is as long as there's room for thoroughbreds, if there's any room left over you're not opposed to allowing quarter horses to be stabled on the backside of Portland Meadows?

Benson: I don't think we're in a position to say they can't.

Towslee: I guess I'm confused.

Reid: Excuse me. You're saying that that's a decision that the track should make?

Benson: It's a track decision. The horsemen are not in a position to say you can or you cannot. I think that's a track decision, and they know...

Towslee: I guess this is another tribute to the communication that goes on within the racing industry. I don't understand why, you know, I'm confused here. I'm being told by one side that you can't stable quarter horses on the backside of Portland Meadows because of the HBPA contract. Now the HBPA is telling me that you don't have such a clause in the contract.

Benson: I have a copy of our contract here if you'd like to read it.

Ferryman: Brian Ferryman, Portland Meadows.

Fine: Thank you, Brian.

Ferryman: The contract that expired in May had it in it, correct? And then the one.... Yeah, it does.

Towslee: I'm glad...

Benson: No.

Walters: Whatever, I mean it does or it doesn't, we can check on that. The point is...

Ferryman: Okay, we'll have quarter horses on the grounds next year.

Walters: The point is that that's an issue that you want to have, and it doesn't sound like there's an issue for the future negotiations...

Ferryman: Okay.

Walters: ...so I think we're cool. Thank you.

Cartney: If I may address that just a little bit. For reference point, I guess, is that from my knowledge of the time that Portland Meadows has been running race horses, quarter horses have never been stabled on the backside of Portland Meadows.

Walters: Right.

Cartney: And that's not because of a contract with HBPA. It's just the way it was done.

Walters: I didn't know about a contract issue...

Cartney: To be honest with you...

Walters: ...but I agree that's been sort of the way..., that had been historical practice.

Cartney: The question of empty stalls has only been something that's come up in the last few years. Normally I know when I was racing secretary in 1992 I had more horses applying for stalls than I had stall space for, so it was never an issue. But the issue of empty stalls is one that's only, to my knowledge, has come up in recent years, and for various reasons, one of which are economic and other things, too. So, it's never really been a problem. There's always been more horses available to fill those stalls, and the other thing, too, that I think we might ought to mention is that we're talking about eliminating a barn, a sixty stall barn, from what I understand, and so there's going to be sixty less stalls to deal with. I believe I heard the low number of 104 empty stalls. So, there's not going to be that many stalls available, but again that's...

Walters: Your issue is you want to make sure that there are enough stalls there for thoroughbred horsemen who want to have stalls at Portland Meadows and who have horses that are ready to run.

Benson: That is correct.

Cartney: Last year during the meet there were, according to our contract that we had in place at the time, we were supposed to have, they were to offer, an intent was that we would have those races run if it was possible to fill them. We were supposed to have eight races on Thursday, nine on Friday and Saturday, so twenty-six races a week. We were fifty-five races short of having that number of races run primarily because they were unable to fill the races.

Towslee: Take that one step further, Dick. Why were they unable to fill the races?

Cartney: I would say due to a number of factors. One is the shortage of horses would be the number one factor.

Towslee: Exactly.

Cartney: For a lot of reason, I think we've mentioned this before. We're gradually losing people. A lot of it has to do with economics. They're going to other places where there's more purses and better racing. Less people are coming here...

Towslee: Would you agree that there's a certain logic to replacing empty thoroughbred stalls with quarter horses?

Cartney: I don't believe in having empty stalls, let's put it that way. But I think that, you know, in light of what's happened over the years and the people that have actually supported this meet and made this meet go I think they should have the first shot at it.

Towslee: I'm not saying...

Cartney: That's my personal...

Towslee: ...I'm not suggesting that they shouldn't. But after they take that first shot and they decide to take their horses to Emerald Downs, do you think that those stalls should be used by some other...

Cartney: I think that's a fair statement, you know. Again, that's a track decision, management decision. If it were my track I'd want all the stall filled that I could...

Towslee: Regardless of breed...

Cartney: ...but I still think that, if things improve in the future if we have an improved purse contract, I think part of the problem of empty stalls will go away. I think we're going to have more people wanting to come here. We're hoping they come.

Towslee: I certainly hope you're right, Dick.

Walters: Quick question that I have, and I hope that we don't have to cross this bridge. We do have a statute that says nine races a day. Have you seen the Portland Meadows application?

Cartney: No.

Walters: There is, they do have this tab "W" which, you know, shows the extra races they tried to card and that sort of thing. On a number of days they had five horses entered in a race, on one day there was six where they didn't run the race, several times five, often four. How do the horsemen feel about them? One approach to this is to say, look, you've got a statute that says you've got to have nine. So, that means five horses, five horses, run them.

Cartney: My, let me just clarify one of the things. I understand what you're saying. And I did want to clarify one thing Brian said about the contract. The contract does call for if there are seven horses in a claiming race, it has to be used. Six horses in a stakes race has to be used. But there is nothing in there that says you cannot run a race with less. Again, that's a management decision.

Walters: I understand.

Cartney: They did run some, a number of races with six and a few with five. I don't recall any with four, but there was nothing in our contract that would preclude them from doing that.

Walters: I understand, and my question to you is how do the horsemen, obviously you'd rather run in bigger fields for lots of reasons. But, if you have a situation where Jerry Kohls is looking, I can card nine races today, the statute says I'm supposed to do nine, but that means I've got to run a five-horse field or maybe even a four-horse field. What's your thought about that?

Benson: We have no problem with that at all. If that's what makes the race meet go. We've never had a minimum number of horses. We don't intend that now, and to meet statutes, you know, if you have a good quality race with five horses quite often that's going to be a much better race than having one to two and eight or other ten others at fifty to one.

Walters: I hear you. And that sort of leads into the next question about issues about it. And again, obviously, conditions are something that you folks negotiate with management, and I don't think that the Racing Commission ought to be in the middle of those sorts of things. But what about the possibility of reducing the

number of conditions, reducing the number of claiming prices. Again I realize you're sort of being asked these things extemporaneously, and I won't hold you to anything you say.

- Cartney: Let me give you my opinion then I'll let Dave give you his. My feeling is the problem is not the claiming prices and categories. The problem is we don't have enough horses. So, you can move them around any way you want, but you're not going to create more horses. So, that's just my feeling. I mean, I'm not above trying anything that will work, and I think Jerry's done an excellent job in a very tough position because he's really trying to fill races and he's run some races with less than what he was required to, so you know, I feel he's doing a good job, but I think he was just put in a position where you start out with "X" number of horses and you gradually as you go through if you don't have any more horses come in, you start losing them, a few of them get hurt, sick, sore, so you're gradually cutting down on the number you get so that when you get down to the very end of the meet you're operating with very few horses, and you don't have enough to do what you have to do.
- Benson: We have never flat said no that we wouldn't make a change. We definitely sit down with Jerry and try to work this out. I believe last year it was discussed for the first time, and one of the concerns are when as have, in our present situation we have \$2500 claimers, \$3200, \$4000, \$5000. Yes, there are seven classifications up to the \$10,000 range. If you cut down your number of classifications, you're looking at people running a \$2500 horse for \$3500 or against \$4000 horses and they're never going to make a dime. But, they keep running their horses and, obviously, that isn't going to last very long. Likewise, you're going to find people running \$4000 horses, as we have been known over the past several years, dropping to \$2500 or \$3500 and they're going to be losing their horses a lot more. And people, you have to run your horse where they are capable of running or making a dollar or you're not going to make any money, but you don't want to lose your horse, run it cheaper than what the horse is. That I think is one of the problems that as you cut down to fewer classifications we would see that. When we go to Longacres or Emerald Downs now they have a classification of races that's been that way for several years. In fact, it's only been the last since Emerald Down opened that they've put the bottom down to where it is. It used to be a \$4000 bottom I believe. So, they've created an extra claiming price there...
- Walters: To get more horses in...
- Benson: ...to accommodate the horses they have and to fill those races. So, I am not sure, maybe we'd have better luck filling horses if we dropped to a \$2000 claiming price rather than cut some out. But, we're agreeable to reviewing all these things...
- Walters: And I understand...
- Benson: ...and exploring all the possibilities.
- Walters: I wasn't asking you to commit to anything at all. I was just asking for your reaction to that subject. Any other comments about the race meet application? Any thoughts about the construction on the backside? You folks are there, have be out there more often than anybody.
- Cartney: We do have a few concerns. I don't know if this is the appropriate time to bring those up or whatever.
- Walters: Sure.
- Cartney: First of all, this is the first official notification we've had of the project that's currently going in place. I mean, we did have some casual conversation with some of the employees and so forth, so we kind of knew there was change but we've never been notified exactly what it was going to be and we still don't know all of the details of that. We obviously, of course, are hopeful that things can work out because we want to have a race meet. That's what we do. We're very much interested and we'd like to hopefully have this thing get off on time if possible. But, some of the things that concern me in particular was I think you know last year when the fire marshals came through and did the inspection of the backstretch we were told that backstretch people would no longer be allowed to sleep in the tack rooms. We also have been told that there will no longer be any trailers or campers allowed in the parking lot as they have been in previous years. So, what we've done is basically reduced the situation for living quarters for backstretch workers to zero. As you probably know, many of these people are low income people, don't have a lot of resources, many of them don't even have transportation, so it would be impossible for them to go out somewhere and find an apartment or something like that. They wouldn't have the money to do it. So, we're concerned about not having enough people to work on the backstretch. I think this is one of the things that's going to work against us when it comes to having people come here and race. I think it's going to be another impediment for people to come here, and that concerns me.

Towslee: What would be your solution, how could Portland Meadows do anything about that?

Cartney: Well, to be honest with you, I don't have a real good solution right now, but I would like to explore that with Portland Meadows or anyone that has a good idea. I think it's something we're going to have to address. I'm sure the commission's aware that we're not the only track. The ones in California are having very similar problems...

Towslee: Serious problems...

Cartney: Serious problems, right, and so far we haven't attracted quite the attention that they have but we still have the problem, and I think at some point it's going to have to be addressed because it's just another thing that's going to keep people from coming here if we don't solve the problem.

Walters: I think Woody probably wants to speak, but did you have other concerns that you want to talk about right now, Dick?

Cartney: Well, like I say enough of the details about the new project, but I do, obviously, you know, we haven't discussed how the manure's going to get from the various barns to Barn 4. I've heard, you know, some parts of the plan and, you know, it might require some additional work from the horsemen, and I'm not saying that they can't do it because they're, horsemen are pretty strong bunch, they put up with a lot. And so, but if it does require additional responsibility and work from us that we should at least know about it and see if we... If we're going to have less people to do the work and they're going to have to do more work, at some point it's going to be a problem, and I'd like to address that before rather than later.

Walters: Woody?

Mitchell: Woody Mitchell, Portland Meadows. This morning I received a call from Larry Muir the fire marshal that does our inspection and enforcement in our area. At my request I asked him at his convenience I want to set up a meeting, and our plans are at this time I was going to talk with Dick and I apologize for not talking to him prior to the meeting, but we need to set up a meeting and I'm to get a time that Dick and Dave if you would like to be available so that we can actually meet with them, and I'm asking Steve Barham at the same time I would like to have all of us meet with the fire marshal and I believe he's going to have somebody from the Housing Department there at that meeting, and we are going to sit down and discuss just exact problem that we have identified as far as housing on the backside, what could and could not be acceptable both to the City of Portland, etc., as far as code violations and this type of thing.

Walters: Do you have the impression from talking to this fellow that there are solutions available that where there could be some housing available for backside workers?

Mitchell: I think, I do. I think that they're willing to look at it, and I think that they're open minded about it, so he called me this morning at eight o'clock, and I told him that I would try to get back to him by Monday and let him know what days people are going to be available.

Walters: Is this a call he initiated or you initiated?

Mitchell: I initiated it at the end of the race meet, and then I also sent a letter to him real recently indicating that I wanted to get this meeting underway as soon as possible, and then he called me this morning. So that's where, as far as the housing issue that's where we stand right now. We're at least going to have a meeting and discuss what the potential is for housing on the backside or trailer facilities and this type of thing.

Walters: As long as you're here, I understand that you and Darrell Haire had a meeting this morning regarding issues relating to the jockeys' room. Are you able to talk about...

Mitchell: Yes. We went through, did a quick routine inspection and besides the normal routine maintenance that we do year to year as far as painting, etc., there are items that came up, the big issue was the food item as far as the jocks' room because we've had a difficult time keeping a cook available for the jockeys. At his request we're going to look into a different situation and a different operation there. Emerald Downs, they prepare the food and take it from their main kitchens down to the jocks' room after like the second or third race. Other race tracks do other things. I've asked him to prior to the next Racing Commission meeting if he could get me a list of what some of the other race tracks do, what types of food, etc., and this type of thing and maybe we could work something out, and I think it's something that we can handle. I was comfortable with it and I believe he is. There's a couple of other small items that asked that we address, and they're going to be taken care of.

Walters: Any other questions of Dick, Dave or Woody as long as he's volunteered to be up here? Thank you, gentlemen. Darrell, can I ask, perhaps you could come just give us your perspective on where things are from Jockeys' Guild point of view.

Haire: Darrell Haire, Western Regional Manager, The Jockeys' Guild. Mr. Chairman, I feel like the meeting with Woody this morning was very productive. Along with the food issue the hot box does leak and he assured me that they would do something to fix that because it gets damp and cold in the wintertime and it's not a good situation in there, and they're going to paint it. Also, there're some couches that are about, I don't know, they're real old and, you know, just not a bad... Please?

Towslee: Some what?

Haire: Couches, and they need some new beds, bunk beds. Also we discussed for the women riders to see if we can get a steam hot box in there for them also. Trying to just, they would like more riders to come here, of course. You have to make it a little more appealing. So, Woody assured me that, you know, working with him that he could get these things done. As far as the food goes, throughout the country a lot of the race tracks do provide the food for the riders, and I'll have a list for Woody. The riders wouldn't mind paying some, you know, paying for it either just so they have a cook here, or not a cook, just some means of preparing the food and getting it down to them. So, I feel like it was a good meeting, and I'll follow through, I'll do whatever I can to give them the information they need and hopefully we can get it done in the near future.

Walters: And Woody's assured us he'll follow through as well. Any questions for Darrell? Thank you very much, Darrell.

Haire: Thank you.

Walters: I think I would like to ask the pleasure of the other members of the commission. We have here David Wiles who is the lawyer for the property owners, at least several of the property owners, at Portland Meadows. He's here under subpoena because of a conversation with the executive director..., because he's a lawyer, that's right. I guess I would ask members of the commission whether they would like to hear from Mr. Wiles any testimony he could offer on the lease issue.

Towslee: I'd..., yeah.

Fine: Oh yeah.

Towslee: Oh yeah.

Walters: David? Two lawyers with one subpoena.

Wiles: Mr. Chair, board members, I'm David Wiles and I represent what we call the eighty-two percent property owners, that consists of all the property owners with the exception of Donna Jensen who is represented by Bill Love.

Walters: And David, obviously sort of the status of the lease out at Portland Meadows is something that has hung over the horse racing industry in Oregon for some time. We know there's litigation between the property holders and New Portland Meadows, Inc. We don't expect you to give us any confidences or secrets or whatever regarding the litigation or any confidential negotiations that are going on, but I think the members of the commission would be very interested in hearing what you can tell us about the situation, the lease situation there from the property owners point of view.

Wiles: What I can tell you, and I first should probably introduce Chris Rycewicz here to my left. He's not under subpoena so he will not talk.

Walters: We know that's really hard for lawyers. We have three of them up here and we get to talk.

Wiles: On December 14, 1999, the owners sent a letter, my clients sent a letter to the New Portland Meadows identifying a number of maintenance issues, deficiencies and problems be solved with the property. And if you've seen a copy of our answer in the recent complaint, now known as Anderson 4, which will give you an idea of how long the litigation has been going on, it's Exhibit B. The owners were unsatisfied with the progress made. On February 29th year 2000, Mort Winkel, also one of the lawyers for clients, issued a termination

notice pursuant to the operating agreement. That termination notice basically stated that the Portland Meadows was to be off the property within thirty days, and that letter is in Exhibit C also to our answer. Shortly thereafter, about the middle of March I believe, the New Portland Meadows filed a lawsuit against us in Multnomah County circuit court asking for declaratory relief to include things such as the default notice we had sent was insufficient, not legally enforceable, and other forms of relief. We filed our answer requesting that the termination be effective, that the New Portland Meadows be ejected from the property, and currently our position is that New Portland Meadows is a holdover or squatter tenant on the property.

- Walters: Do you have any predictions or prognosis as to progress of that litigation in terms of, I mean, do you see, are these summary judgement issues, is this something that would have to go to trial? Again, I am asking you sort of what could be tactical type questions and if you don't feel like you can answer them tell me. But, I guess we'd like to know something about timing.
- Wiles: Well, I would expect summary judgements be filed on both sides. I don't know that for sure. Depending on which judge actually hears the motion, whether it's granted or not, assuming that motions are unsuccessful I would fully expect this case to be tried by next March. It's not that complicated.
- Walters: Are there any questions of these gentlemen?
- Towslee: Well, yeah. Is the desire of your clients to want to continue to race at Portland Meadows? Is it just the management of the track issue to you?
- Wiles: Well, I don't want to delve into, you know, client confidences or trial strategies. I'll tell you, though, that my clients are horse people. They have loved horse racing, they have been involved in horse racing for years. The families have an align (?), and the support they have for racing is undying. Not knowing what impact, if any, the EPA situation's going to have on running races at the race track because I'm not privy to the EPA's position, I'm not privy to their plan, I'm not privy to the finalized plan of New Portland Meadows, it's hard to say. I can tell you that the owners will consider any option available to them, presented to them as to what happens to that property whether it be continued racing or what else.
- Fine: So are you saying that your clients are open to negotiation?
- Wiles: My clients are always open to negotiation on any number of levels. I mean, they don't like litigation anymore than New Portland Meadows does, but they've stood around and watched the track and they're not happy with the facilities, and that's the, it results in litigation.
- Fine: Do you have anything scheduled coming up in terms of negotiations or mediations or any meetings planned?
- Wiles: There are no negotiations as such that we have not been presented anything that's been, you know, been agreeable to my clients or even close. Just prior to coming up here there were no negotiations whatsoever, although David Brown has asked that he speak with me tonight whether....
- Walters: Maybe we should subpoena the lawyers more often.
- Wiles: Put us in a room, that's correct.
- Towslee: At this point what do you think the prospects are of a long-term lease at Portland Meadows with the current operators?
- Wiles: Our position is in litigation, and our position is they are squatters and to be removed.
- Fine: Although you remain open to negotiating a resolution.
- Wiles: I'd be foolish to say I wasn't.
- Fine: And is it your position that any negotiations need to be instigated by the New Portland Meadows and that if you don't receive any negotiation offers then it's litigation?
- Wiles: No.
- Fine: Or are, you'd contemplate actually initiating some type of offer on your own?

Wiles: Well, there's too many uncertainties I think at this point for me to formulate an offer as to how to resolve the problem. I am open to listening to them or to anyone else who can resolve the problems for us.

Fine: Would you ever consider initiating a conversation to solicit suggestions? I guess what I want to know is how polarized you are and whether you would ever pick up the phone and call the other side and ask if they want to talk?

Wiles: Oh, I speak frequently with attorneys from New Portland Meadows. I have a very good relationship with them, I believe. You might want to ask them that. I have no problem talking to them on the phone. It is just unfortunately that our positions right now are apart as evidenced by Anderson 4 litigation.

Walters: Other questions?

Towslee: So it sounds like the only thing you're not open to is having the Ferrymans continue to operate Portland Meadows, is that correct?

Wiles: I didn't say that. If that's set out in our answer, then that's the position we'd take. Our position is New Portland Meadows are squatters and are holdovers.

Towslee: That's all I have to say.

Walters: Other questions? Thanks. You're released from your subpoena.

Wiles: Can I cash my seven dollar check?

Walters: Quickly.

Wiles: Thank you.

Walters: Thank you. Is there anyone else who would like to testify or comment on the New Portland Meadows, Inc.'s 2000-2001 race meet application? Members of the commission, do you have anything that was raised that would cause members of the commission to want to recall Brian and David to have further conversations with them? Steve did you have issues that you wanted to discuss?

Barham: I think the commission have identified all of the issues. Number one, it's my opinion and it's probably not a good thing to say with three lawyers up here, or four lawyers up here actually I guess, that legally I don't believe this application...

Walters: He doesn't get to talk...

Barham: Yeah, math is hard. I don't believe the commission at this time could approve this application based on statute. I mean, the purse...

Walters: There's no purse agreement...

Barham: The purse agreement has to be there before you can approve that.

Price: But could we approve the application...

Barham: Let me...

Walters: Let me do this. We obviously are sort of getting into the substance of the application and the merits of it. Before we do that I need to declare a potential conflict under the statutory ethics laws, and Carol, if you would note the disclosure in the minutes of the meeting. My law firm is representing parties who conceivably could have an interest somewhere down the line that could be affected by these proceedings. There is not an actual conflict. I do not have a client who has, stands to benefit from this action one way or the other, but it is a potential conflict under the ethics laws... Well, I'm even sure it's a potential conflict, but I wanted to disclose it. And under the ethics laws, having disclosed it I will proceed to deliberate and vote with respect to this application. But, I wanted to put that on the record. So, if you would note that please. Okay, go ahead now.

Barham: The commission in the past has approved applications subject to delegated authority and those sorts of things to keep things moving. Number one, for what it matters, I don't want the purse issue delegated to the executive director. I think that's totally out of line and should not happen...

Walters: I think most people up here would agree with you...

Barham: I agree. And along with that I would not want the simulcast program delegated to the executive director because of the issues that can come into that depending on what the purse negotiations are and purse agreements.

Walters: I'm not sure I understand that.

Barham: The existing contract, or the contract that was between the HBPA and Portland Meadows, the way money went to the purse account was from total handle...

Walters: Right.

Barham: ...and the it was divided between quarter horse and thoroughbred purse accounts. That was done for a reason, and if those people in the room that have long memories as I have can remember prior to that type of agreement money would go to quarter horse purse account based on quarter horse races and thoroughbred purse account based on thoroughbred races and the simulcasting was handled the same way. We went to this type of agreement, or they went to this type of agreement so that the horsemen were basically taken out of that mix and the race track could bring in whatever signals they wanted to make it work best for them and the highest handle and everybody would benefit. If, in fact, purse agreements tend to be or end up being breed sensitive or different agreements be different breeds then at least if I was going to be looking at the simulcast issues I would be trying to balance simulcast signals based on number of races that each breed would have and try to keep those purse accounts even, not even but the same amount of money. I don't think that's a good idea. I mean, I don't like having to do that or would have to do that, but I've lived through that, and so the simulcast program approvals for those race tracks coming from me are somewhat contingent upon whatever happens in these purse negotiations. And that's...

Walters: I understand what you're saying.

Barham: The..., so I've really confused you now...

Towslee: I really appreciate the executive director clearing that up for me...

Barham: Yeah, yeah. I'll explain it some other time, I guess. I just don't want it. The eighty days with nine races, as I look at Exhibit W, and I re-looked at it again today and tried adding up things and then just listening to the testimony, there were eight days of the twenty-eight, or twenty-six, excuse me, that had no quarter horse races. I think we can all say that yeah, there was a quarter horse problem there, however, eighteen of those days had seven or fewer thoroughbred races. So, I'm not sure that simply allowing quarter horses on the backside takes care of the problem. I'm not saying keep vacant stalls by any means. Let them come in if they want to, but the issue is bigger than just letting quarter horses come in and fill anywhere between fifty-two and four hundred stalls probably given the data I see here. I mean, that's when you have eighteen days with seven or fewer races from thoroughbreds you've got a big problem especially when the contract is eight or nine, or eight and nine thoroughbred races per day. So again, I think that relates to a lot of issues, the main one of which is just not enough horses and something's going to have to be done to get them. I mean, I..., you could run four horse fields, you know, but your handle's not going to be very good. I guess the..., I'm concerned about the lease as I think everybody is, the EPA thing, you know, I've talked to Dave Brown when we were out there and he said he would talk to Dave Hendricks. I just don't want all of a sudden end up the first of October in a rainstorm or something and all of a sudden the drainage district have a problem because of hotwalkers or end up not having hotwalkers there. We need to know that to start out with. Maybe I'm worried about nothing, but that needs to be covered. There's other details in the application that you may or may not want me to go over.

Walters: Why don't you go ahead.

Barham: Okay. Simply to point out on the Exhibit U, the amount shown as on-track handle I couldn't quite figure that one out based on what I could remember. That includes out-of-state wagering on Portland Meadows. Since I look at the money that we get, that's a fairly, it's important that that be split. That is not an on-track handle. The race days themselves that's within their existing window. I would see nothing really beyond that that wouldn't be a..., you could go ahead and approve, but I don't think you can approve the application.

Fine: When you say you could go ahead and approve, what do you mean?

Barham: Well, you could nod and say yeah, we don't have a problem with that, but I would not recommend that you approve the application at this point without the purse agreement, and too many other things spin around that, I mean simulcast part of it.

Walters: Other comments, thoughts?

Price: Yes, Mr. Chairman. In April a quorum of the commission met and I believe at that time it was our intention to grant the New Portland Meadows their racing license and they would have the certainty to know that they could go forward and spend the money and do whatever they needed to do and they could begin a race meet. And so I'm a little disturbed today that now we sit here and we've changed that vote or it seems like we're trying to change that vote to put other things or obstacles...

Walters: We haven't changed anything.

Price: Okay, so my understanding...

Walters: We haven't voted yet.

Price: Well, but my understanding is from our April meeting that we have granted them the right to race in October.

Walters: No, we have not.

Fine: We gave them dates.

Walters: No, no.

Price: We gave them dates?

Walters: We gave them dates, and those are always subject to the submission and approval of a license application which, if we decided for reasons that were appropriate that we had to deny the license application, then the dates means nothing.

Price: I don't see these issues of being of such significance that we can't grant them their application today. The purse issues will be resolved. It's either mediation, and if that doesn't work it's arbitration. I'm satisfied with the testimony on the EPA and the water handling. The simulcasts I'd probably delegate that to Commissioner Towslee because I'm totally confused about that issue.

Barham: That would be fine.

Price: That...

Walters: I understood it.

Price: That would be my recommendation because...

Towslee: That was a terrible thing...

Walters: The comments?

Fine: Yeah. I know where Commissioner Towslee's coming from and I agree with what he's saying except that I think that legally...

Walters: That's Price...

Fine: Oh, I'm sorry.

Walters: Towslee is now on your right.

Barham: He moved.

Fine: Quit doing that. Oh, all right.

Towslee: Commissioner Price is the thin, elderly gentleman at the other end...

Fine: I want to give them our approval on this application. Legally I don't see how we can with the variables that are still out there. I want to give them as much support and encouragement to plow ahead with all due haste using every resource available, and so anything that we can say or do to show our support I want to do and I want to say. But, I can't approve this application, and I know that the people at New Portland Meadows know that. I don't think that they expect to get an approval at this point given the gaps. So I guess I wonder if there's anything that we can or should do at this point.

Walters: Commissioner Towslee?

Towslee: Well, I guess...

Reid: Mr. Chair?

Towslee: I defer to Commissioner Reid.

Fine: The other Towslee...

Towslee: The other Commissioner Towslee.

Reid: I heard your disparaging remarks about me a little earlier. I agree with Commissioner Fine. I don't think we can approve the application today despite the fact a couple months ago we gave every indication that that's what we would do. I think as far as if we can give them some indication that they have our support and our good will, and if at the same time we can give some assurances to the horse people that there is going to be a place for them this season and they can start making their plans, I think it's important, right now I think they're very confused as we are. We're in the gambling business, and this is kind of one of those gambles. Sorry I said that, Chairman Walters.

Towslee: My only comment is more of a question, a rhetorical one I guess. Are we by granting a license at this point, are we somehow interceding or injecting ourselves into the negotiation process over purses? Does our action here today have any impact on those negotiations? Does Portland Meadows get an advantage or a disadvantage by having or not having an application, or a license as they go into those negotiations? I guess it's a rhetorical question. I don't know what the answer to that is.

Walters: I don't know what the answer to that is. I guess my thought is that I don't know why it would because there is always the hammer of arbitration hanging over both sides to this process.

Towslee: I guess given the importance of the purse issue but still the need to give Portland Meadows some kind of encouragement, I have to agree here with Commissioner Fine and Commissioner Price in that I have no intention of voting against this application. I'm just not ready to do it at this time without some agreement on the purses.

Walters: I certainly agree that we cannot approve a race meet application with no purse agreement. You know, and I think that is statutory and as a matter of law we can't do that. You know, as Commissioner Price observed there is going to be a purse agreement. It's going to be a purse agreement that binds both sides. The preferable course would be they would be able to work it out on July 31st. Failing that, they're going to have, they're going to go to arbitration and the arbitrator is going to pick a contract and that's going to be the contract. And I guess my personal belief is that in the course of the negotiations or in the course of the arbitration it is highly likely that there will be some adjustment in purses at Portland Meadows. I think the management at Portland Meadows is sensitive to the need for that, and subject to the constraints of economic reality I guess I would be very surprised if the result of this process, either the negotiation or the arbitration, didn't result in a positive adjustment to the purse structure.

The other issues that we have addressed today, those of you who attended Grants Pass or those of you who read the transcript will recall that there was some concern on the part of members of the commission including myself as to the level of information that had at that time regarding what was going on with purse negotiations, what was going on with the construction projects at the New Portland Meadows. I have been very, very favorably impressed, frankly, with the response of the management of New Portland Meadows to those concerns that were expressed at the Grants Pass meeting. Our executive director shortly after that meeting had a discussion with Brian Ferryman at which he got specific information regarding the status of the projects out there. Since then we have each gotten more information both in personal meetings and through correspondence. And then we have had a tour of the facilities today which, obviously, there is a lot of work to be done, but there also is a fair amount of work that has already been done showing to my mind that the

current management of Portland Meadows is willing to spend real money in order to be able to run this race meet and is in fact committed to run the race meet.

The issue with the lease is something that is, as I said before, has been hanging over the racing industry in this state for some period of time. There is litigation, I mean, frankly it's reached a point where that's not news. It would be news if there were not litigation regarding various issues there, and certainly there is concern that there could be some sort of result from that litigation that could cause a problem with the race meet. Personally, in doing what I do for a living and knowing how slowly the judicial process grinds along and knowing how long appeals take, I don't think there's any chance in the world that there would be an adverse result during this race meet if we were to grant this application. So while that creates another cloud of uncertainty, I don't see it as a reason not to grant this application. We have had times in the past where we have had actual court orders that certainly did threaten the viability of the race meet and we had to act in response to that, but I don't see this situation as in the same light at all.

My inclination in coming here today, because I wanted to send a strong message both to the management of Portland Meadows and to the horsemen, would be given the fact there is going to be a purse agreement, to approve the license application effective on the completion of a purse agreement which will happen either as a result of agreement between now and the middle of August or it will happen as a result of an arbitrator's award. And that will be the agreement and both sides will be stuck with it including the management of Portland Meadows. And then they will be not only morally committed to run a race meet as I think they have demonstrated now that they are, but they will be legally committed to run a race meet, you know, because they will have a license application that has been submitted and that has been approved.

So, those are my thoughts as to where I was prepared to come out today. Now, everyone agrees, I mean there's certainly consensus that we cannot say okay, you've got a license today because there's no purse agreement. But my preference, I mean, I respect the comments of the executive director and the concerns he expressed, but my preference would be to remove one more step of uncertainty with respect to the race meet this coming fall by acting to grant it effective on the completion of a purse agreement which is going to happen.

Fine: Mr. Chair?

Walters: Commissioner Fine.

Fine: Do you think that even though we will be resolving the purse agreement there remains an issue regarding the number of race days that we need to address?

Walters: I think, I mean, we have had that conversation. The statute is what the statute is. They are required to run nine races a day unless there is good cause for not doing so. There is good cause, and I think we decide what good cause is. In my view, I mean, I think there have been commitments on the part of the management to try to address this problem, to recruit more horses. As I say, I do think that maybe call me an optimist, but I do think the purse negotiations will affect that as well, and the reality is if we're going to run four or five [field] horse races to meet the statutory minimum, I think they'll do that, and in the past to card races is an indication that they are trying to do this. Commissioner Towslee raised a valid point that does the statute make any sense. There are a number of race meets don't card nine races a day or ten races a day which has been the tradition at Portland Meadows, and the availability of horses has been a problem not just here. At Emerald, as Brian described, at Hollywood Park, if you tuned into TVG and watched some of the racetracks back east you'd see a bunch of five-horse fields at places like Belmont Park where they're running for thirty-five, forty thousand dollars. So that is a general issue, but here we have a statute that we don't have the ability to change, and my belief is based on testimony that I have heard that they are going to work hard to address that issue to recruit more horsemen, to try to get more horses here, to try to make sure they're ready to run, to look at issues like the condition book to see whether that could have some effect on it, and frankly, I think that they may if worse comes to worse run five-horse fields or four-horse fields in order to satisfy the statute which is something we probably have to do. Now, obviously, there are issues, you know, we could decide that there had been good cause not to run...

Fine: Yeah.

Walters: Any other comments by members of the commission? Is there a motion with respect to this application or not?

Price: I move that we accept the application with the grounds that the application be in effect as soon as the purse issue is settled.

Walters: Further discussion? Dick?

Reid: Is what we're trying to accomplish, is it not, Mr. Chair? No?

Walters: It's what I'm trying to accomplish.

Price: That's what I'm trying to accomplish.

Reid: I'm going to second the motion.

Walters: Further discussion. I think there's one other issue that would have to be addressed. The simulcasting program has not yet been approved. I see that as, obviously, as part of the race meet application but it relates to the issues that Steve addressed that I'll explain to Commissioner Towslee after the meeting's over. That is something that this commission would have to approve, but I don't think that that affects the license. I think that that's something that we can, if it is not settled as part of the purse agreement, that we can say this is the way it's going to be.

Fine: Mr. Chair?

Walters: Commissioner Fine.

Fine: I guess I just want to say that I feel a little bit uncomfortable with this because we're approving it based on a factor that's completely out of our control, and while we don't want to in any way micro manage, we do like to have a sense of what we're actually approving. So, I'm a little torn because I want to be supportive and positive as I can about the fact that there will be racing at Portland Meadows this year and people need to be buying the horses and they need to be coming to Oregon and they need to have Oregon foals and let's do it. But, I guess I don't have an answer. I just thought I'd share that.

Walters: I understand. I don't think anybody up here is just really terribly comfortable one way or the other, and I...

Price: I'm very comfortable.

Walters: ...other than Commissioner Price. There are a number of uncertainties that I think concern all of us, but to me the, personally for me, the better solution is to vote for the motion and that's what I'm going to do.

Towslee: Well, I understand what you're saying. I guess I'm just not comfortable with sort of consummating this deal until the purse situation is resolved. I'd like to give Portland Meadows as much encouragement as I can about the approval of their application without actually approving it until the purse issue is settled. If the commission wants to go the other way and grant the application contingent on the purses, I don't think that that's that far apart.

Walters: I don't think it is either. I will tell you to me the difference is that it sends a message not just to the management of Portland Meadows, it sends a message to the horsemen and the horse industry that there's going to be a race meet at Portland Meadows starting in October, that the management at Portland Meadows is legally committed to, as well as emotionally committed to, have a race meet there beginning in October, and that's the difference I see. It's not just a message to them from my point of view. Further discussion? Further discussion? All those in favor signify by saying aye?

Fine: Aye.

Walters: Aye.

Reid: Aye.

Price: Aye.

Towslee: Aye.

Walters: Opposed? By golly. The application is approved effective on the date that a purse agreement goes into effect. I'd like to thank everyone who testified here today. It was very helpful and informative to all of us.

(The commission took a five minute break, at which time Commissioner Reid left the meeting)

3. Oregon Racing Commission 2001-2003 Budget

Steve Barham stated this was the agency request budget being submitted for approval. He noted the budget does not become a public document until the governor's recommended stage.

ACTION: MOTION(Fine)

Approve the budget.

VOTE:

4 Aye, 0 Nay, 1 Excused

4. Greyhound Channel LLC Amendment to Operational Plan

Ben Hayes summarized each of the amendments. First was an amendment to the credit card usage policy which is being made due to demand from account holders. The second amendment deals with the source marketing mitigation model which takes into account the horse racing portion. With this amendment the hub operator will be able to take wagers on horse racing. The last amendment dealt with Oregon horse racing in that they want to offer to Oregon horse tracks the same program they currently offer Multnomah Greyhound Park. Steve Barham recommended approval.

ACTION: MOTION(Fine)

Approve amendments to operational plan for Greyhound Channel LLC.

VOTE:

4 Aye, 0 Nay, 1 Excused

5. Tillamook County Fair Request for Hub Funds for 2000 Race Meet

Draft of Hub Distribution Memo

OQHRA Request for Hub Revenue Funding - *continued from 6/24/00*

It was decided to discuss these items together since they were all related. Following is a transcript of the discussion on these items.

Walters:

Dave [Nelson], do you have anything you'd like to add? You sent us a letter yesterday as well. Do you have anything you'd like to add to the statements you made before?

Nelson:

Mr. Chairman, for the record Dave Nelson of the Oregon Quarter Horse Racing Association. I think the letter is pretty self-explanatory. I don't think that I can add anything by way of commentary. Maybe answer any questions that may be in your mind.

Walters:

Okay. Just to recap the bidding. We had a request from last time from OQHRA, we tabled it at the at the last meeting. There had been a proposal, the HBPA representatives said that they proposed to make the money available provided it was repaid from the Portland Meadows purse account, and at that point we tabled the request as we had done with a request from Crooked River Roundup. We have now received a request, as well, for hub funds from Tillamook County Fair. So, we have had a total of three requests for hub money, one of which we tabled, two of which we have yet to act upon. I'd be interested in thoughts or comments by members of the commission on any or all of these issues.

Towslee:

My only comment is first of all, I guess the blood's in the water. Everybody's starting to figure out there's money in this account. And I think when we talked last meeting, Dave, my concern was first of all, I think that your request fits into the criteria that we set for this. And secondly, that in my mind it does put horses on the track which I think is one of the reason's we're here. My big concern is that we haven't really made an effort to contact all of the eligible tracks, fair meets, to ask them if they have any desire for that money, which I am sure they do. I see now that we have a survey here from the executive director. Do you want to send that out? Is it...

Barham:

No, I have not sent it. It's a draft. At the last meeting in June when Dave came up with this, you talked about we need to get everybody, or find out what the needs are...

Towslee:

At least extend the invitation...

Barham:

Yeah, and so I prepared this memo along with the request form first of all asking questions would they like us to just hold the money and use it for 2001 race season or do they want it distributed now. You're looking at about \$20,000 if I remember right. And I think that's the first thing that needs to be decided. Then after that if

the commission does decide to distribute it now, do you have a need for it at your race meet and give us some detail on that. While we made it through a lot of race meets this year, it's been because a lot of people at those areas, in the local areas, stepped forward, HBPA stepped forward, Oregon Quarter Horse stepped forward with some money for different things, and it was kind of cobbled together. A lot of those race meets, to use Prineville as an example, went into savings that they had and said at some point we get to pay it back. I mean, that's what we're hoping. You got a deal from Tillamook that says we borrowed the money or we're looking at trying to borrow, but we want to know if these funds will be available to pay back. So, a lot of this stuff was kind of on contingency. I'm not sure where it goes. You have your resolution. The way I actually read it, it's a race meet licensee has to put in for it but that may be a technicality on your resolution.

Nelson: Mr. Chair, I just, perhaps to recapsulize [sic] our view of the hub account and what we're trying to accomplish. As the executive director accurately stated, everyone tried to cobble together a race meet to get by the year 2000 or the summer of 2000. We contributed to, we initially made the offer to contribute \$16,500 from our accumulated funds in our savings account to Salem to have one race a day at Salem. The board at Mr. Westhoff's urging reconsidered that and said it's more important to have the Far West Futurity go at a race meet that fits, and that's Grants Pass where it has traditionally been. And so we shifted the money, \$13,500 of that \$16,500 to Grants Pass to assure that that race meet would go, which left us with \$3,000. We contacted through John McCully and other fair managers about the status of their meet, and basically they represented at the time that their race meets were funded by one means or another. Our contributions to Grants Pass, HBPA contributions, county commission monies, a variety of factors, left us with one hole in the summer fair, or the summer what I'd call the fair-type race meet schedule, and that there is no purse money for a quarter horse race at Salem. Period. Not repaid or anyplace else. Our board said sweep the halls and dig out all the money that you can for basically five races a day, and we will have those five races a day at Salem, which will basically be the Lone Oak Futurity...

Walters: Five...

Nelson: ...or five races during the meet, excuse me, not five a day.

Barham: If you've got five races a day you've really got a problem.

Nelson: That was a dream of the old days. But, five races which would be basically the Lone Oak Futurity, we would anticipate a couple of trials, the Jody Click Memorial, seven seventy, around the corner, and one other. We ask for \$9000 which is six purses at \$1500 today to make a race a day at Salem. But I think the balancing act is obviously as you've well characterized, Mr. Chairman, there's a procedural consideration. Do you take that \$20,000 and scatter it out in relatively equally on a pro rata basis or do you put horses on the track for a specific meet. I think it's a policy choice that you have before you. Obviously we would encourage you to make the choice of putting the horses on the beat to complete the summer meet. You've just approved a Portland Meadows meet which we're committed to recruiting horses and stables from around the northwest to try to make that as good as possible. What happens in 2001 is dependent upon our good friends who are operating the two hubs.

Towslee: I think there is also another policy issue, though, one of inviting requests from all of the eligible parties before we decide on which eligible party, before we get to the question of doling out the money. That's where I'm hung up here.

Nelson: Mr. Chairman, I agree with Mr. Towslee's philosophical point that every eligible participant should be invited to make a presentation or make a proposal. The fact of the matter is that we're essentially through the summer or halfway through the summer. We have basically three race meets to go, and that's Tillamook, Salem and Harney County. Tillamook and Harney County are whole, Salem is not whole, and Tillamook has a proposal before you, and I think our's should be held against that and you make the choices to viability or the importance of both of those applications.

Walters: Is Tillamook really whole? The question was raised by their letter as to they're borrowing the money and they need assurance that it can be repaid from hub money. I guess I didn't fully understand their letter.

Nelson: Perhaps let me retreat, Mr. Chairman. My information earlier from the County Fairs Association was yes that they were whole. If that's not the case, then I think they have to answer that question.

Walters: I don't know, but Steve, do you know?

Barham: It depends on what you mean by whole. Do you have the money to run, are you planning to run? Yes. How'd you get the money? We borrowed it and we expect to be paid back from hub money, and you know, is that

really what we can do? There's a whole, there was a whole lot of different ways that these little race meets, and I'm using little race meets to say those smaller than Grants Pass and the State Fair meet or the meet in Salem, cobbled together what they had. And, you know, they, a lot of them feel like they were, went out on a limb and now sometimes the limb is getting cut off and everybody's saying, ah, to heck with it. Now, you know, that's my feeling from being at those meets. Whether or not the commission wants to go with the quarter horse request or Tillamook or Crooked River, and I think probably any other race meet when and if we put out this letter, is going to have needs for the money. That's simply there.

Nelson: We'd apply to get our money that we loaned Grants Pass back. You can make that... If you dip into your savings, we looked at that as being gone. We put it up, paid the purses, I hope it works. We don't expect that back.

Walters: Other questions or comments by members of the question?

Towslee: Well, just one comment here. I think, you know, Steve Barham has a point here. Under our rule it says that "...be distributed for the benefit of the Oregon pari-mutuel racing industry as follows: first, to race meets that were licensed under..." You're not asking us to appropriate this to a race meet but to you.

Nelson: That's simply an error in my language then. It goes to the race meet. I couldn't get very far on it with the way my Suburban guzzles gas, so it's... But it clearly goes to purses at the race meet. The race meet applicant happens to be the HBPA, and I don't know if they have anything that they would say...

Walters: Steve Barham has the application that we approved for the race meet at Salem and it shows two quarter horse races a day, and then says to be determined and submitted for approval at the June ORC meeting, or excuse me, yeah, for quarter horses it's got a question mark... For appaloosa? Okay, excuse me, \$1800 for quarter horses. So, I mean, I do think that it's a valid point, but the question really is and we would be giving it to a race meet to fund purses for a particular purpose. I mean, we can get around the legal issue, frankly, but the question is whether we ought to.

Towslee: Right.

Walters: Commissioner Price. Are you still comfortable?

Price: I'm very comfortable. Fortunately, Mr., Dave and I had a conversation over a month ago about this at which time he was able to point out to me that not only was my position wrong, but it was just totally unbelievably idiotic. And you know what it really...

Walters: That left you comfortable...

Price: After I hung up I realized, and I'm sitting here today, it is exactly Commissioner Towslee's position, so I feel a little bit better now knowing, you know... As I told Dave and I think it's just the issue of everybody that wants the money, I'm not, everybody can use it, everybody wants it. What's the best use of \$20,000 at this time?

Towslee: Actually it's \$9,000...

Price: Nine thousand that, we have \$20,000 in the account and you're asking for \$9,000.

Towslee: I will note the last time Dave was here he was asking for the entire amount.

Nelson: It was sixteen, I did.

Towslee: It was sixteen at the time, so the money in the account...

Price: So if we waited a couple more months it will be...

Towslee: It'll be covered.

Price: We'll be okay.

Nelson: We won't need any of it. The meet will be over.

Walters: Is there a motion with respect to the request? It seems to me our options are: one, to not approve the request, we could simultaneously send out this memo that Steve has drafted, or we could grant the request, or we

could grant Tillamook's request, or we could grant part of this and part of Tillamook, or we could do none of the above.

- Barham: Or you could, and I don't know if this would work for Dave or HBPA, is you could say, okay, this is a request we're not going to throw out of hand, however, we want more information. Send out the memo and put it in, I mean, you've got a race meet application here whether or not it's in error or different than what they intended or anything that way, because I know this issue has been banging around for awhile. But then if, in fact, quarter horses run there and more than the five races, is there some way that the HBPA could, as a race meet licensee, support those purse payments based on this application with the possibility of getting repaid? I mean, that puts it basically where Tillamook is. That may make it extra messy, it may not. I don't know what you want to do on it.
- Nelson: I might just comment not to that point, but just to say that we, I think we need a decision today, yes or no. We're getting calls about every week from John Harris in Los Alamitos saying should I come back for Salem, and we're saying we don't know. And others are leaving for Boise, and it may be a mute [sic] question in two or three weeks, or a week or whenever that is made. So, whichever way you go...
- Walters: The proposal by the HBPA, or the suggestion by the HBPA at the Grants Pass meeting was that they were willing to loan you the amount. I assume that offer still stands subject to being paid back from the Portland Meadows quarter horse purse account. From what I understand you're saying in you letter that you, basically your board has said you don't want to do that because you want to leave the cushion in the New Portland Meadows purse account. Is that a fair reading?
- Nelson: That's correct, Mr. Chairman. When we started the discussion at the Grants Pass meeting our memory was that we ended the Portland Meadows season with somewhere in the forty to fifty thousand dollar surplus purse account range. Independently of that, and not at our request, subsequently two days later we got a request for reconciliation of the Oregon-bred purse supplement which is a separate fund, stating that it appeared that we had overdrawn that account by \$13,736 or something like that. We went back through our programs and records for through, back to and including 1996 and traced out all of those expenditures against that account, and found out that yes we did. And in retrospect, the reason that that happened is that it was represented to the board by the former chairman that the quarter horse Oregon-bred supplement account stood at \$24,000.
- Walters: Former chairman of what?
- Nelson: That was the total account, not just the quarter horse portion.
- Walters: Former chairman of...
- Nelson: Of the quarter horse board.
- Walters: Thank you.
- Nelson: Yes. Not, our former chairman represented the board, and so we happily tried to build up the Oregon-bred races, the Memorial we added \$6000 to, the Oregon-bred Juvenile Championship we added \$7500 to from that account, which promptly put us below the line. Well, when the reconciliation came that we were below by that \$13,736 and that we would have to repay that out of the purse account, which took the balance down to \$22,700 and whatever it is, \$22,870. And in polling the board they said it's more, if Portland Meadows goes, its more, that's our primary program because it's the best place to run quarter horses. You can run 350, 400, 440 yards not just 220s and 770s. They said, look, if we have to we just have to walk away from... We would rather build up the program particularly in the overnight handicaps for older horses and go out and recruit some of our friends who are in Idaho and Utah and Northern California and try to bring them up here and have a program to offer them. So that's just simply the business decision they made.
- Towslee: Mr. Chairman, let me get a motion here and then see what happens. First of all, I would move that we send out the survey although I don't think the top part of the survey is necessary. I would rather find out what these meets want, is that the requests that we get from any meet that's already taken place this summer would be dealt with at some future distribution of money.
- Walters: Yeah, it could be we incur debt.
- Towslee: Well, it could be that whatever their request, they're going to request for their meet next year. There's only a couple of more... Tillamook and Harney County are the only ones...? Okay, so the only other requests that we'd get that we could deal with this year would come from Harney County. That would be my first part of the

motion. The second part of the motion is that we appropriate, spend \$9000 from the hub account to fund the race, quarter horse races at the State Fair.

Fine: Mr. Chair?

Walters: Commissioner Fine.

Fine: I concur with everything my colleague said except that...

Walters: You took notes, or you took notes when he said he agreed with you, so...

Fine: I know. It's payback time. I want to leave the language at the top. I don't see any reason to take it out. I don't, you know, we're sending out a survey. I'd like to know what the people's position is on that. We're not bound by it.

Towslee: I don't consider that to be a, I consider that to be a friendly... I'm not wedded to it one or the other. That's fine.

Fine: And with that, I would second the motion.

Walters: Okay. So he has amended his motion to reinstate the first point. Is there further discussion?

Price: Is this, have we or would we address Tillamook's request for \$31,500 or is that a separate motion?

Walters: I think that's...

Towslee: I'm not making that part of my motion. So, by inference I'm saying that, you know, we don't... There's not enough money to do that anyway.

Price: Right, I understand.

Towslee: I guess I should say this, is that when we do send out this request, any future requests for money from the Quarter Horse Association would probably rank pretty low in my priority, Dave.

Nelson: Well, Mr. Chairman, Commissioner Towslee. We would hope that the race meet licensee would step forward and make the request on our behalf.

Towslee: That would be up to you. Right.

Walters: Further discussion? All those in favor signify by saying aye.

Fine: Aye.

Reid: Aye.

Walters: Aye.

Price: Aye.

Walters: Opposed? Well, it passes. We need to consider Tillamook's request. Do you have a motion for...

Fine: Don't spend all that money on gasoline.

Walters: Do you have a motion on that, Commissioner Towslee?

Towslee: I would move that we table the Tillamook request and consider it along with all the other requests we receive as a result of this survey minus any requests from the Quarter Horse Association.

Barham: In the draft memo, on the second page of it, I said as of June 30, 2000, there is a total of \$20,381.85. I suggest at the end of that paragraph, based on your action today, you say the commission has allocated \$9000 to Oregon Quarter Horse Association for quarter horse purses at the Salem meet, just so they know that we're not talking \$20,000. We're talking \$11,000.

Towslee: Right.

Walters: Okay.

Towslee: But we'll leave out the part where your budget projections say there will be a million dollars in the hub account...

Barham: Yeah, we won't do that.

Price: And I understand what you're saying about the quarter horses having a low priority, but I don't think we should say that because it might be if they want to make a request and we deem it, you know, appropriate over any other request...

Towslee: No.

Price: ...then I think that could go to the top of the list if we deem it the best use of the funds.

Towslee: Well, I, Commissioner Price, you're right. It's just that when I would start looking at all the requests that came in and start prioritizing, I would probably start by looking at who's received money already.

Price: And I think that would be appropriate, but I just wouldn't want to put it in this language that they couldn't make a request or that they would be at the bottom of...

Walters: That's not part of the motion that we acted on. The motion is to table the Tillamook request pending receipt of responses to the survey that we approved to be sent out with the modification proposed by Steve Barham. Further discussion? All those in favor signify by saying aye.

Price: Aye.

Towslee: Aye.

Reid: Aye.

Walters: Aye.

Fine: Aye

Walters: Opposed? It passes.

6. Revision of Language on OAR 462-200-0305 - Approval Criteria for the Commission for Authorizing Receiving Tracks

Commissioner Price presented a proposal to add the following sentences at the end of Sub (6) of the current rule: "In the event the commission receives more than one proposal to simulcast during the same period of time, preference will be given to the best overall proposal. Consideration will be given to all factors the commission deems relevant, including but not limited to the: the number of live performances, history and financial strength of its principals and licensees, and the quality of the race meet facility."

ACTION: MOTION(Fine) Adopt proposed simulcast rule change to 462-200-0305(6).
 VOTE: 4 Aye, 0 Nay, 1 Excused

7. HBPA Request for Commission Determination on Salem Race Track as Off-Track Site During Live Racing

Dick Cartney presented background on the reason for the request. Carl Wilson, MGP, stated they were supportive of the request and would assist in getting the out-of-state simulcasting into the grandstand at Salem during live racing. Mr. Cartney also stated that due to budget constraints they will

not be sending out a signal of the Salem races to the off-track sites. Steve Barham stated that generally an off-track site is required to run full-time, however, this request is different. What they're actually trying to do is some inter-track wagering. He went on to say that if the commission were to ever approve an off-track site that wanted to select specific days and times to be operational, this would be the one he would recommend for approval.

ACTION: MOTION(Towslee) Approve request.
VOTE: 4 Aye, 0 Nay, 1 Excused

(Commissioner Fine left the meeting)

8. Multnomah Greyhound Park Update

Carl Wilson began by congratulating Al Westhoff and Grants Pass for a very successful race meet. For MGP's race meet, the Oregon handle is still down 5%, but the attendance is up, many of the promotions seem to be working well, and they had a very successful Murray Kemp Classic which was a quality race with all Grade A dogs. Press coverage has been pretty good. The retired racers reunion had over 300 people and probably 150 greyhounds in attendance on the third floor. There have been three Adopt a Fast Friend days which have been successful. There will be two changes in off-tracks in the near future. The Medford location will be changing from the current Winners to a newly constructed Lava Lanes which is a bigger facility in a good location. The ownership of the Springfield location is changing with the new owners being Elmers.

9. Grants Pass Downs Meet Report

Al Westhoff thanked the commission and staff for the great job they did at Grants Pass. The meet really went well considering they had new race office staff, all new track crew and all new starting crew. They ran 83 races and averaged 9.22 races per day. The live handle per race was up 19% over last year. They averaged 6.53 horses per race, and the horse population was amazing. Without the help of the HBPA with their commitment of \$50,000, OQHRA with \$13,500 and SOHRA with up to \$50,000 they could not have run the race meet. Chair Walters again thanked Al for his efforts for the June commission meeting and also for the hard work and commitment he and the staff at Josephine County Fair have done in order to maintain racing in Grants Pass.

There being no further business, the meeting was adjourned.