

MINUTES

OREGON RACING COMMISSION

May 17, 2007

The Oregon Racing Commission met on Thursday, May 17, 2007 at the Portland State Office Bldg, 800 NE Oregon Street, in Room 140. Commissioners in attendance were Chair Jeff Gilmour, Vice Chair Todd Thorne, Lisa Metcalf, Kerry Johnson and Julianne Davis.

Agenda items were discussed in the following order with resulting actions:

1. April 19, 2007 Minutes

ACTION: MOTION (Thorne) Approve minutes as submitted.

VOTE: 4 Aye, 0 Nay, 1 Abstained

2. Summer Race Meet Officials, Take Outs, and Bute & Lasix

a. Eastern Oregon Livestock Show

ACTION: MOTION (Thorne) Approve application as submitted with authority delegated to Interim Executive Director Gordon Tallman to approve any changes in officials.

VOTE: 5 Aye, 0 Nay

b. Josephine County Fair

Dr. Arthur Kennedy, Veterinarian, asked if the Commission could change the new lasix and bute reporting rule to what it was previously as he would be unable to meet that requirement without liability concerns. There are no major changes to the application or the operating agreement.

⇒ In response to Chair Gilmour request and Commissioner Metcalf's questions, Dr. Schlingman explained that in order to honor Dr. Kennedy's request, that section of the medication rules would have to be suspended. He stated that historically there was only one veterinarian on most of the summer circuit. He provided that there were three local veterinarians licensed to work in Grants Pass who had indicated that they would be available. He stated that Washington was complying with the same medication rules on their summer circuit as they do at Emerald Downs.

⇒ Assistant Attorney General Kelly Gabliks stated that the only way to suspend a rule was to begin the rule making process.

ACTION: MOTION (Johnson) Approve application as submitted with authority delegated to Interim Executive Director Gordon Tallman to approve any changes in officials.

VOTE: 5 Aye, 0 Nay

c. Crooked River Roundup

ACTION: MOTION (Metcalf) Approve application as submitted with authority delegated to Interim Executive Director Gordon Tallman to approve any changes in officials.

VOTE: 5 Aye, 0 Nay

3. ODS Technologies, L.P. dba TVG 2007-2008 Application for Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hub License

Roger Nyquist and BJ Cosson, Vice President, Operations & Customer Relations were present to answer questions. Information and discussions included the following:

In 2006, TVG paid the horse racing industry in Oregon \$557,340.00 in source market fees; the taxes paid to the Oregon Racing Commission on their handle was \$438,505.00; their operations and employment of 35 people at their Beaverton office provided an estimated \$20 million economic impact to the local community.

The application reflects the new rules recently imposed: There is a verification letter stating that the funds have been segregated, customer money versus operational money; a bond for \$50,000 and registration with the Secretary of State's Office.

Regarding their choice of option B that results in the Commission receiving a little more money than it otherwise would, Mr. Nyquist commended the Commission for being innovative and flexible which has been beneficial to everyone.

⇒ Gordon Tallman, Interim Executive Director, recommended approval of the application based on the operating plan.

⇒ In response to Commissioner Johnson's questions, Mr. Nyquist stated they have no plans to utilize robotic wagering and that they will continue to develop their customer base by expanding their television distribution. They are currently in 50 million homes with a substantial number of their customers having never been to a race track.

ACTION: MOTION (Johnson) Approve application as submitted.

VOTE: 5 Aye, 0 Nay

4. US Off-Track, LLC 2007-2008 Application for Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hub License

Ben Hayes, Representing US Off-Track, LLC, was present to answer questions. Information and discussions included the following:

There are no major changes to the application or the operating agreement.

⇒ In response to Chair Gilmour's questions, Mr. Hayes provided that they currently have a \$250,000 Letter of Credit which will be modified to \$50,000 on or about July 1st in accordance to the new rules and have chosen option B; the eighth of a percent up to \$60 million with a cap of \$350,000.

⇒ Gordon Tallman, Interim Executive Director, recommended approval of the application based on the operating plan. He added that the source market agreement is in place and have complied with the new segregated account requirement.

- ⇒ In response to Commissioner Johnson's questions, Mr. Hayes stated that it was his understanding that US Off-Track has no plans to utilize robotic wagering and that they will continue their current marketing programs to increase their customer base as they have in the past. He explained that their focus is greyhound pari-mutuel wagering and that they promote their programs through all their contracted greyhound tracks.

ACTION: MOTION (Johnson) Approve application as submitted.
VOTE: 5 Aye, 0 Nay

5. The Racing Channel, Inc. 2007-2008 Application for Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hub License

Joe Michaels, Vice President of Operations, and Ben Hayes were present to answer questions. Information and discussions included the following:

There are no major changes to the application or the operating agreement and have abided by all the new rules.

- ⇒ In response to Commissioner Johnson's question regarding robotic wagering, Mr. Michaels stated that they do not currently have, nor do they have plans to have, account holders directly tied in with computers into the tote system.
- ⇒ Gordon Tallman, Interim Executive Director, recommended approval of the application based on the operating plan. He added that they have provided documentation showing that they do have segregated accounts as required in the new rule.

ACTION: MOTION (Johnson) Approve application as submitted.
VOTE: 5 Aye, 0 Nay

6. Portland Meadows Update Reports

Dwayne Yuzik, General Manager, Portland Meadows, was present to answer questions. Information and discussions included the following:

Recap of 2006-2007 Live Race Meet: Ran 75 days of racing; 720 races; an average field size of 7.16; average daily purse distribution increased about 15%; average export sales were up 76%; statewide wagering was down about 1.25%.

- ⇒ In response to Chair Gilmour's question, Mr. Yuzik stated that they are planning the exact same schedule as they had last year for the upcoming Portland Meadows 2007-2008 Live Race Meet.

Other updates: Race track is open for training; a new OTB opened in Pendleton (Cadillac Jack's) and the Instant Racing lounge is tentatively scheduled to open on June 28, 2007.

- ⇒ In response to Commissioner Davis' comment about the significant

increase in purses and whether or not there was a noticeable impact, Mr. Yuzik stated Oregon still needed more funds to go toward purses. He hoped to increase that another 10% next year and while they were headed in the right direction, he felt that that number would actually need to be doubled to make a difference.

- ⇒ Commissioner Metcalf asked how Portland Meadows compared to Emerald Downs to which Mr. Yuzik replied that the average daily purse distribution at Emerald Downs is \$100,000, while Portland Meadows has half that. He explained that Oregon's current horsemen racing at Portland Meadows do not have enough input dollars to allow them to buy competitive stock so that they can race outside the Oregon jurisdiction, such as in Washington and California. He indicated that it was the experience of competing outside Oregon that would allow the horsemen to grow in their abilities.
- ⇒ Interim Executive Director congratulated Portland Meadows and the excellent attendance and festive atmosphere at the City of Roses Derby party. Mr. Yuzik responded that it was their third City of Roses Derby party and while they expected it to grow, they were a little overwhelmed this year. He stated that he had a number of patrons and some people on the backstretch comment that they hadn't seen such a crowd at the track since the late 70's. He added that the revenue doubled this year compared to last and he hoped that next year would be even bigger.
- ⇒ When asked by Chair Gilmour if there were any expected management changes by MAGNA at Portland Meadows, Mr. Yuzik stated that he could not answer that question, but assumed that there would not be. Chair Gilmour commented that management consistency was important and he congratulated Mr. Yuzik on providing an environment that was attracting people to the race track.

7. Sub-Committee Update Reports

No updates.

8. Executive Director Search Update

Commissioner Johnson reported that a recruitment plan and timeline had been established and that the job was posted with a closing date of May 29th. She added that interviews were expected to begin in June.

9. Legislative Updates

Dick Cartney, Executive Director, Oregon HBPA, provided an update on the following:

- a) **Senate Bill 439**, 24 hour medication rule, passed both the Senate and the House Committee and may be up for a vote today.

- b) **Senate Bill 441**, one-third hub fund money, was heard in

Committee, received a due pass recommendation and was assigned to Ways and Means due to the fiscal impact.

⇒ Interim Executive Director Tallman added that Senate Bill 441 was assigned to the Ways and Means Committee on March 12, 2007 and that no additional action had been taken. He also provided that **Senate Bill 747**, the cash voucher bill, passed the House on May 10, 2007 with a 54 to 3 vote.

10. Confirmation of Next Commission Meeting – June 7, 2007 in Union at 2:00 pm

Commissioner Metcalf stated that she would be unable to attend, but all other Commissioners would be at the June meeting.

11. Initiate Rule Making on OAR 462-160-0140(6)(a)

Kelly Gabliks, Assistant Attorney General, explained that a temporary rule was previously adopted to strike the language requiring a licensee to pay additional costs incurred when lab results detect interfering substances. She stated that action for a permanent rule striking that same language was now required.

12. Public Comment

⇒ Patrick Gleason presented arguments in support of his filed exceptions in response to the Commission's Amended Proposed Order which was issued on April 19, 2007. For the record, Chair Gilmour noted that Mr. Gleason was presenting his arguments rather than his counsel, Scott Monfield. Mr. Gleason asked that the Commission review all of the documentation including all of the exceptions filed before making their final decision on his case.

At this time, the Commission entered into Executive Session and upon their return continued the meeting with the following agenda item:

13. Action on Proposed Order for Lonnie Davis

Tabled until the next regularly scheduled meeting.

14. Action on Final Order for Patrick Gleason

Tabled until the next regularly scheduled meeting.

15. Equine Herpes Virus

Commissioner Metcalf stated that concerns about the equine herpes virus being at Emerald Downs had not panned out thus far. She added that the virus had been in Washington in other areas over the last couple of years, but not at Emerald Downs. She explained that she would like to take a proactive approach to this virus because there wasn't a treatment or a preventative vaccine for it, adding that the way to deal with the virus was to treat the horse palliatively and by quarantine. She stated that it was important for horsemen and veterinarians to be able to recognize the signs of the potential disease and be more aware so that if an outbreak should occur immediate steps could be taken based on a previously determined plan. Commissioner Metcalf announced that she could arrange an industry sponsored lecture and dinner through the drug companies that provide

vaccines. She proposed that it be held sometime prior to the start of the next commercial meet when a majority of the people could be present.

⇒ In response to Commissioner Metcalf's request for time, place and date suggestions, Ursula Gibbons and Dick Cartney agreed to do some checking and propose some dates and times for the lecture to be held at Portland Meadows.

There being no further business, the meeting was adjourned.