

MEETING MINUTES

OREGON RACING COMMISSION

October 16, 2008

The Oregon Racing Commission met on Thursday, October 16, 2008 at 1:30 p.m. in Room 1A of the Portland State Office Building located at 800 NE Oregon Street, Portland, Oregon. Commissioners in attendance were Chair Kerry Johnson, Vice Chair Stan Robson, Michael Huber, DVM, Charles Williamson and via telephone, Chris Dudley.

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

1. Approval of Agenda

Chair Johnson recommended moving agenda item 8, Portland Meadows Report, to 3e.

ACTION: MOTION (Robson) Approve agenda as amended.

VOTE: 5 Aye, 0 Nay

2. September 18, 2008 Meeting Minutes

ACTION: MOTION (Williamson) Approve minutes as submitted.

VOTE: 4 Aye, 1 Abstain, as follows: Dudley: Aye
Huber: Abstain
Johnson: Aye
Robson: Aye
Williamson: Aye

3. Proposed 2009 Meeting Dates

Chair Johnson announced that the commission would be scheduling the July 2009 meeting in Prineville on the first race day of the Crooked River Roundup and the September 2009 meeting in Burns on the first race day of the Harney County Fair.

4. Subcommittee Update Reports

a. Advanced Deposit Wagering and Multi-Jurisdictional Hubs

Chair Johnson reported that the subcommittee had scheduled a meeting for next month, on November 20th at 10:00 am.

b. Best Practices

Executive Director Randy Evers reported the subcommittee would be scheduling another teleconference soon and would report back at the November or December meeting.

c. Budget and Hub Funds

Vice Chair Robson reported that the 2009-2011 Budget was submitted and had been successfully approved to move forward to the next step, legislative approval.

d. Medication

Executive Director Randy Evers reported that all of the hard work on the rule amendments put the medication rules in much better shape than they had been in the past. He added that the subcommittee has been discussing the idea of adding some thresholds on some of the medications due to the different types of testing required and the costs for the lab. He anticipated they would be going through the rules process again next fall.

5. Portland Meadows Report

Will Alempijevic was present to answer questions. Information and discussions included the following:

After four days of live racing, average field was 7.28; total purses of \$179,200.00 was down just under 10% from last year due to a purse reduction in the main stakes race and running three less races; the on-track handle was down a little compared to the first four days of 2007; the export handle (other tracks betting Portland Meadows races) was up almost 100%, attributed to having built a following as this was their third year of racing on Sunday, Monday and Tuesday.

In quarter three of the calendar year, racing was down about 10% nationwide. In Oregon, from September 29th to October 12, all product wagering was down almost 14% from last year. This included customers not betting on the bigger products such as California and New York.

Their marketing plan, billboards, newsprint, and radio, was moving forward. One of their new promotions this year involved teaming up with the Root family and the local all sports radio station by having the radio station and their listeners be the honorary owner of one of the Root's horses, Mystacallie. Portland Meadows matched 100% to the purse earnings and all money benefited the charity of their choice, which, in the case of the first win on opening day, was the Oregon National Guard Emergency Relief Fund.

While it's not believed to be an issue at Portland Meadows, MEC adopted a company wide policy promoting the humane treatment of race horses by prohibiting any trainer or horse owner from participating in the transport of a horse from an MEC facility to either a slaughter house or an auction house engaged in selling horses for slaughter.

⇒ In response to Chair Johnson, Mr. Alempijevic explained that they had several discussions with the Oregon HBPA and had agreed to move the purse funds to an escrow account that would be safe from any potential creditors. He anticipated that it would take four to eight weeks for the accounts to be put in place. He also explained that the Performance Bond would cost approximately \$1,000 and that he had previously forwarded that information to the commission.

→ Vice Chair Robson added that the commissioners were in agreement that the Performance Bond would not be required because of the high cost.

⇒ Chair Johnson stated that she was at Portland Meadows on opening day and was pleased to see some new excitement at the track.

6. Discussion of Term Length for Chair and Vice Chair

Vice Chair Robson announced that Commissioner Dudley had suggested the commissioners create a policy on term length for the Chair and Vice Chair positions. He explained that most boards and commissions have a term policy and usually change officers on an annual basis. He anticipated that a policy advisory committee could report back in November with a suggested slate of new officers and that the commissioners could either vote then or just review the policy and wait to vote on the new officers in December. The new officers would then start at the first of the year.

Chair Johnson announced that in addition to Commissioner Dudley as chair of the policy advisory committee, Commissioner Huber would also be on that committee.

7. Update on RCI Issues by Edward Martin, President

Ed Martin introduced himself and explained that RCI was a not-for-profit trade association for government regulators of racing in the United States, Canada, Mexico, and parts of the Caribbean. Mr. Martin provided the following information:

The survival of the sport of horse racing depended on maintaining consumer confidence in pari-mutuel wagering.

Due to the evolution of technology and an increased reliance on medications used to treat horses, state regulators currently lacked adequate funding to provide appropriate regulation.

At a recent press conference in New York City, the National Thoroughbred Racing Association announced the formation of a racing industry alliance to address equine welfare and integrity issues.

RCI's Model Rules called for all wagering activity to be subject to a real time independent computerized monitoring system. New York would begin utilizing such a system on January 1, 2009, as required by an unfunded mandate. Mr. Martin urged Oregon to also consider adopting the Model Rule on monitoring.

The growing interest in Congress to federalize the regulation of racing concerned RCI as it could diminish the racing commissions' roles in making rules and could create costly, ineffective regulatory requirements.

Interstate wagering required a degree of uniformity and Mr. Martin encouraged Oregon to be an active player in the development of RCI's Model Rules, adding that their rules process was designed to formulate common rules so that commissions could rely on the collective judgment of racing regulators.

Some racing regulators were currently discussing an interstate compact of racing commissions to become a central rulemaking authority with each participating state having a vote in the process. Mr. Martin urged the Oregon Racing Commission to participate in the exploratory discussions, especially if large states like California, New York and Kentucky pursued it.

At a recent Racing Medication and Testing Consortium, Dr. Rick Arthur, Equine Medical Director of the California Horse Racing Board, stated that the horse racing industry tests for more substances at deeper levels than in any other sport, including the Olympics. In order to implement any recommended improvements, funding mechanisms need to be developed for the state commissions.

⇒ Commissioner Williamson requested copies of New York's newly adopted rule and RCI's Model Rules on monitoring.

⇒ In response to Commissioner Williamson's question about the commission's ability to follow the money that was wagered through the ADWs, Executive Director Evers stated that tomorrow, a meeting would be held with the Oregon hubs to view a monitoring software system and to discuss how the commission as the regulators could get assurance that the hubs were following the statutes, rules, policies and procedures.

8. Fair Meet Reports on Hub Fund Usage

a. Eastern Oregon Livestock Show

Nathan Jacob, Mutuel Manager and Executive Board Member, stated his appreciation and explained that the hub funds were extremely important and the reason that they were able to continue to provide horse racing and put on a show that was the biggest event in Northeast Oregon, with the exception of the Pendleton Roundup. He stated that their handle was the best this year since 1994 and that they had plenty of horses and plenty of riders.

Mr. Jacob added that two years ago they were unable to move the gate off the track because their tractor suddenly broke down, and while they were able to avoid any incidents, thanks to the outriders and staff, they wanted to prevent it from happening again. By utilizing some of the hub funds, they were able to build a new starting position off of the track.

b. Tillamook County Fair

Jerry Underwood, Manager, explained that this year the hub funds provided \$2,200 per race and also paid for the tote board and Past Performance, which allowed them to put some additional money back into the purses, bumping them up to \$2,500 per race. He stated that they paid out \$71,775 which was up three percent from last year, adding that one of the races had a \$5,000 purse and nine feature races had between \$3,000 and \$4,000.

Mr. Underwood explained that in approximately 2001 when the commission lost some funding and couldn't help the summer race meets, the fair board had to make a decision whether they were going to continue to have horse racing. Thankfully, with the promise of the hubs coming, they decided to put on the race meet at the cost of \$30,000. He stated that the race meet was now very successful and he couldn't thank the commission enough for what they had done to help the racing industry in Oregon.

c. Harney County Fair

Don Slone, Manager, explained that the Harney County Fair, Rodeo and Race Meet was the largest event in the county. He added that Burns was the oldest sanctioned race track in Oregon, dating back to 1886.

Mr. Slone reported that, according to the economists, the economic impact of the fair, rodeo and race meet on Harney County was over two million dollars with the community organizations benefiting over \$400,000. He explained that the Fair Board's expenses versus revenues were about \$170,000 each year. He stated that they had received almost \$56,000 this year from the hub funds and that without those funds, they wouldn't have been able to have a race meet.

Mr. Slone complimented the commission on the staff, stating that they were always easy to work with, genuinely interested in horse racing and very helpful.

⇒ Commissioner Williamson stated his concern about the break downs that occurred this past summer and encouraged the fairs to do what they could to improve the track surfaces.

9. Confirmation of Next Commission Meeting - November 20, 2008

All commissioners present indicated that they would be able to attend the November meeting.

Vice Chair Robson thanked TVG and the horsemen for their efforts in negotiating a source market agreement. He understood that all parties weren't happy, stating that the commission would make looking into the rules on source market fees a priority. He added that they would also be working on other rules, such as medication thresholds.

Vice Chair reflected that overall, his first year on the commission was a good one and could only see things improving as everyone continued to work together.

10. Public Comment

None.

There being no further business, the meeting was adjourned.