

MEETING MINUTES

OREGON RACING COMMISSION January 15, 2009

The Oregon Racing Commission met on Thursday, January 15, 2009 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, Chris Dudley, Michael Huber, DVM, and Charles Williamson.

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

1. Approval of Agenda

Chair Johnson stated that the commission would go into executive session following New Business. She explained that the commission had received a letter from the Greyhound Pets of America requesting to be added to this agenda. She asked that they first meet with Executive Director Evers and Mr. Gage, Oregon Greyhound Association, before possibly being on next month's agenda.

ACTION: MOTION (Williamson) Approve agenda as amended.

VOTE: 5 Aye, 0 Nay

2. November 20, 2008 Meeting Minutes

ACTION: MOTION (Williamson) Approve minutes as submitted.

VOTE: 4 Aye, 0 Nay, 1 Abstain as follows: Johnson: Aye
Robson: Abstain
Dudley: Aye
Huber: Aye
Williamson: Aye

3. December 4, 2008 Special Teleconference Minutes

ACTION: MOTION (Williamson) Approve minutes as submitted.

VOTE: 5 Aye, 0 Nay

4. eBet Technologies, Inc. 2008-2009 Application for Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hub License

Joe Michaels, Vice President, and Duane Bosworth, Legal Counsel, were present to answer questions. Information and discussions included the following:

⇒ Gordon Tallman, Supervisor of Account Wagering Hubs, recommended approval of the application as they had met all of the qualifications pursuant to the rules. He stated, for the record, that any time an affiliate was added, eBet would be required to submit to the ORC an amended operating plan and receive the commission's approval prior to it being enacted. He asked Mr. Michaels to clarify that the segregated account was for customer funds only.

Mr. Michaels clarified that they had a segregated players account strictly used for incoming and outgoing player funds.

ACTION: MOTION (Williamson) Approve application as submitted.

VOTE: 5 Aye, 0 Nay

5. GLJ Gaming, LLC 2008-2009 Application for Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hub License

Dwayne Yuzik was present to answer questions. Information and discussions included the following:

⇒ Gordon Tallman, Supervisor of Account Wagering Hubs, stated that an approval of the application at this time would have to be conditional upon receiving confirmation of a bond.

Mr. Yuzik explained that they were currently working with a bank to ensure that they would have a bond in place prior to the first day of operation.

ACTION: MOTION (Williamson) Approve application as submitted conditional upon their posting a bond that complies with the rules.

VOTE: 5 Aye, 0 Nay

6. Race Date Requests for 2009 Summer Meets

Executive Director Evers explained that this year there were two meets that would overlap. The Eastern Oregon Livestock Show (EOLS) would be operating the same weekend as Grants Pass Downs' first weekend of racing.

He explained that the overlap caused two areas of concern: the availability of horses and the availability of jockeys. He stated that typically EOLS received some of the Washington horses and Grants Pass some of the California horses, so they'd hopefully be able to fill the races at both meets.

Mr. Evers stated that the number of jockeys was a bigger concern and while the Jockey Incentive Program helped bring riders to the summer fairs, by the end of last year in Burns, they only had about seven or eight jockeys. Another issue concerning the jockeys was the qualifications of the Jockey Incentive Program which required them to participate in all five summer meets. The jockeys would probably want to go to Union the first weekend and then to Grants Pass for the rest of that fair meet. He explained that, while there were areas of concern, this overlap had happened before and they'd been able to make it work, adding that staff had already worked out a schedule to cover both meets.

a. Eastern Oregon Livestock Show (EOLS)

Nate Jacob, Mutuel Manager, EOLS, was present to answer questions. Information and discussions included the following:

The Eastern Oregon Livestock Show needed to be scheduled on the first full weekend of the year, which meant that for six out of seven years, their race meet overlapped with Grants Pass Downs.

In the past, they had not had an issue with the number of horses when competing with Grants Pass, however, they had had issues with the number of jockeys. He explained that last year was the first year in quite a few years that they had more than enough jockeys. (Note: The EOLS and Grants Pass race meets did not overlap last year.)

Other scheduling factors included the rodeo and the 4H program. Mr. Jacob explained that the EOLS was also a PRC Rodeo and they had to submit an

application for those dates well in advance. In addition, the EOLS served 600 kids from five or six different counties and school had to be out for the summer in order for the kids to participate in the 4H programs that ran Monday through Sunday.

- ⇒ Commissioner Williamson stated his concern about everyone's safety, including the horses, with the two meets running simultaneously, adding that they would have better races if they could be scheduled on separate weekends. He asked Mr. Jacob, Executive Director Evers and the folks in Grants Pass to find an alternative for the future.
- ⇒ In response to Commissioner Huber, Mr. Jacob explained that it would be difficult to separate the fair from the race meet because EOLS operated on volunteers and it was difficult for the limited amount of people in Eastern Oregon to offer their services for a longer period of time.

ACTION: MOTION (Williamson) Approve application as submitted.

VOTE: 5 Aye, 0 Nay

b. Josephine County Fair

Executive Director Evers recommended approval of their application.

ACTION: MOTION (Robson) Approve application as submitted.

VOTE: 5 Aye, 0 Nay

c. Crooked River Roundup (CRR)

Doug Smith, Director of Racing, CRR, was present to answer questions. He explained that there were no issues or conflicts with their requested race dates.

ACTION: MOTION (Robson) Approve application as submitted.

VOTE: 5 Aye, 0 Nay

d. Tillamook County Fair

Executive Director Evers explained that Tillamook was requesting an additional race day this year so that they could race Wednesday through Saturday and, also, requesting that the purse money be provided via the hub funds. Because it was not known at this time if the hub funds would be available, they were asking the commission to approve the three race days and be open to amend the application to four race days at a later date once funding was available.

- ⇒ Commissioner Dudley suggested that all four race days be approved as it was possible that Tillamook could raise purse money by other means, if hub funds didn't become available.

ACTION: MOTION (Williamson) Approve application for all four race days as submitted, conditional on receiving purse funds.

VOTE: 5 Aye, 0 Nay

e. Harney County Fair

Executive Director Evers recommended approval of their application.

ACTION: MOTION (Robson) Approve application as submitted.

VOTE: 5 Aye, 0 Nay

7. Crooked River Roundup (CCR) Report on 2008 Hub Fund Usage

Doug Smith, Director, was present to answer questions. Information and discussions included the following:

The Crooked River Roundup had been very successful in the past and last year was no exception. With the support of the hub funds, they had been able to raise their purses so that their average purse last year was in excess of \$3,000 per breed with \$2,200 of that from hub monies. The additional funds had allowed their meet to grow and they measured that success by the fact that it was now standing room only in the grandstand on Friday and Saturday nights during a live race meet. Average attendance was up to 4,000 per race day and their average purse was in excess of \$3,000 per breed.

Last year, hub funds had paid for improvements at the track, such as 40 new horse stalls, totaling 98 new stalls, lighting on the track, and starting gate enhancements. His goals in 2009 for hub funds were to concentrate on improvements on equipment and on the facility to ensure safety for the horsemen, the animals and the wagering public.

Mr. Smith explained that he served as the coordinator for the summer jockey insurance fund, explaining that four years ago, the horsemen, the commission and the summer meets formed a coalition to create a risk pool which allowed them to bring the cost of jockey insurance down every year. He added that this year, they should qualify for a 10% discount. He stated, "It shows how a group of race tracks and horsemen, with the support of the commission and the hub funds, has been able to take a problem that jeopardized and, I believe, shut down many tracks in Montana, and has allowed us not only to continue to operate, but to continue to prosper in that environment."

He thanked the commission again for their support, reiterating that without the hub funds, the Crooked River Roundup would not only cease to exist, but probably live racing at all the summer meets would be in jeopardy.

- ⇒ In response to Commissioner Dudley's question about the separation of their rodeo and race meet, Mr. Smith explained that they were hesitant to make that separation at first having had the same fears that EOLS now faced, but that they were both more enjoyable now. The rodeo ran the last weekend in June and the race meet ran the first full weekend in July. He stated that the race meet had grown and prospered nearly every year since the separation, but he didn't know if that was also true for the rodeo.
- ⇒ In response to Commissioner Huber's concerns about some of the horsemen traveling long distances and then not being able to get the draws they had hoped for, Mr. Smith explained that last year they ran 38 races, the most that they could run, with an eight horse field in all but

three races, and extra horses entered in almost every race. They could increase the number of race days, but that would be difficult to do because the CCR operated on 100% volunteers with the exception, for safety reasons, of those working the starting gate.

8. Portland Meadows Report

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

Escrow account for purse funds had been set up and the initial deposit made and a copy of the jockey's insurance certificate for 2009 had been sent to Executive Director Evers.

In December, they lost three days of live racing due to the "Arctic Blast '08".

After 36 days of live racing, the average field was 7.65, to 7.58 last year; average purses per day paid were \$48,500 per day, a less than 1% drop from last year; average Oregon live in-state handle per day was \$39,473 a 5.49% increase from last year.

Thanks to TrackNet Media providing their signal to new markets with a new racing schedule, the average export handle was \$489,000 per day, up 18% from last year. That figure included the first day of racing on Wednesday, which was a million dollar day and the second million dollar day in the same week. Having two, one million dollar days in the same week was phenomenal for everyone at Portland Meadows.

⇒ In response to Commissioner Williamson's question as to whether they would be making up the three lost days of racing, Mr. Alempijevic stated that they spoke with the horsemen and they agreed to try to run as many races as possible, on Monday or Tuesday they have the potential to run up to 11 races.

⇒ In response to Commissioner's Dudley's questions about the Jockey Challenge and the People's Horse, Mr. Alempijevic provided the following:

The Jockey Challenge was a phenomenal success. It was an achievement to have a man who had won over 10,000 races riding at Portland Meadows and to have three other jockeys from a sister track.

Mr. Alempijevic stated, "I must say that this event couldn't have happened without the support of many people; including the HPBPA who put up some additional purse funds; including the management at Golden Gate Fields, a sister track, that pushed our event and gave us the contacts; Santa Anita who published our posters and printed them and had them up at Santa Anita and Golden Gate; HRTV offices are also located in Santa Anita and they sent two of their hosts, Gary Stevens, Hall of Fame Jockey who's won the Derby, and John White, also a local northwest native came back up. This is the first time we've ever had a live broadcast of our races on a live channel with hosts actually at Portland Meadows. It gave us a great opportunity to expose our trainers, our jockeys, our participants to other people in Oregon who have HRTV and to other parts of the country. I think we're definitely going to see the positive aspects from that very expensive event coming through in subsequent race days."

The People's Horse had been claimed, but the new trainer, Kristine Shortridge, was a willing participant so they planned to continue that promotion.

9. Subcommittee Update Reports

a. Advanced Deposit Wagering and Multi-Jurisdictional Hubs

Chair Johnson reported that the subcommittee had met that morning with the ADWs and planned to meet again tomorrow morning with the horsemen.

b. Best Practices

Vice Chair Robson explained that the evaluation for the executive director will be conducted on an annual basis in September, but this year, rather than wait, they had started that evaluation process in January and planned to complete it at the next meeting.

Commissioner Dudley proposed a five step process for the evaluation and asked each commissioner to comment on the specific areas. He added that the Executive Director would also like his evaluation to include feedback from outside the ORC, including the horsemen, staff, etc.

ACTION: MOTION (Dudley & Robson) Approve the executive director evaluation process for this year.

VOTE: 5 Aye, 0 Nay

Commissioner Dudley also requested that Best Practices Criteria (BPC) #5 Agency's Key Communications and #6 Policy-making Activities be reviewed by the commissioners.

⇒ Commissioner Williamson and Commissioner Huber suggested that they would be better able to discuss these issues during a commission retreat or a work session.

→ Commissioner Dudley cautioned that they had to be cognizant of public meetings laws and that they would probably have to have these discussions in a public forum.

⇒ Vice Chair Robson proposed that BPC #5 be tabled until the next meeting to allow the commissioners more time for addressing this one.

Regarding #6, he stated that the rule making process that they had developed was a good one. They'd formed subcommittees to address the rules and brought the stakeholders to the table to receive their input.

Chair Johnson stated, for the record, that the review of BPC #6 Policy-making Activities was completed and that BPC #5 Agency's Key Communications would be completed at the next meeting.

c. Budget and Hub Funds

Vice Chair Robson stated the ORC budget would be reviewed by the legislature soon and that the committee planned to begin working on the budget for hub funds.

d. Medication and Horse Welfare

Commissioner Huber reported that the committee had not met, but that Dr. Stacy Katler had begun writing summaries on the injuries that occurred on the track. He stated that he had met with the Dean of the College of Veterinary Medicine at OSU regarding instituting a necropsy program, but did not yet have a commitment from them to provide it for free. He explained that money was tight, especially for a small and large animal teaching hospital.

10. Staff Reports

a. Veterinarians

Stacy Katler, DVM, reported the following:

The race meet was going well; the horsemen appreciated the rule changes which were working well; staff had established an excellent rapport with the track veterinarians which benefited the horses in their care; testing process has gone smoothly and the cooperation between the licensees and the test barn was the best Dr. Katler had experienced in her four seasons at the track.

There had been nine fatal horse injuries during this meet and there were many factors that led to racing breakdowns. Dr. Katler explained that the animal athlete did not have the same alternatives as a human athlete and provided the following issues that contributed to the outcome of the animal athlete, including racehorses: Economics, the cost of veterinary medicine prohibited an owner from saving an animal; life expectancy; insurance; quality of life for that animal; the horse's anatomical make up, a leg fracture for an animal that size was difficult to treat due to the threat of laminitis.

Dr. Katler also provided examples of some of the causes of the injuries in horses while racing on the track, as follows: clipped heels, horses that accidentally collide; fatigue; rate of speed, similar to high speed car racing; and track surfaces. She further explained that these injuries were similar to those that occurred while simply riding horses or even those running in the field, adding that the speed was what made the injury dramatic.

⇒ In response to Commissioner Huber's question, Dr. Katler stated that none of the fatalities tested positive for illegal drugs.

b. Stewards

Mike Twiggs and Bob Blair, State Stewards, were present along with two jockeys, Joe Crispin and Bill Ives.

Mike Twiggs' report included the following:

Jockeys were doing well with approximately 16-17 riders, a little short when considering a 12 horse field; very few jockey incidents which included only one where a rider received a substantial penalty, a three day riding suspension; encouraged to see some new, young riders at Portland Meadows this year.

The anabolic steroid rule was now in full effect. Initially, the horsemen were given a 90 day grace period to allow time for their horses to be tapered off the medications. During the beginning of that grace period, there were 17 steroid positive tests, but they've had none since November 11, 2008. The penalty for a positive test starts at 60 days to six months suspension, a maximum fine of \$500.00 and a loss of purse.

Bob Blair's report included the following:

Mr. Blair stated that he had the opportunity to attend the winter symposium (2008 Symposium on Racing and Gaming) in Tucson as well as the RCI (Association of Racing Commissioners International) board of directors meeting and the first Racing Officials Accreditation Program (ROAP).

RCI was currently working on ensuring the quality of the lab testing by sending samples out to multiple labs to check the results for consistency, an expensive process. They were also discussing possibly creating uniform rules regarding horse ambulance requirements.

At the ROAP conference, they had 14 speakers and well over 100 attendees. Discussions included: proposing a way that the stewards across the country would have a uniform decision process on disqualifications and rulings; and requesting that the rulings be posted on the front side of the track as well as the back side of the track. They also watched films of high profile riders who had misused the riding crop and discussed the inconsistency in the rulings and the handling of the penalties, wanting to make those more uniform.

The RCI Board of Directors approved a new riding crop as well as adopted new safety standards for the jockey's helmets and vests.

Jockeys Joe Crispin and Bill Ives brought samples of the different riding crops, including ones used for Thoroughbreds, Quarter Horses and a new style crop approved by the Jockey's Club and currently being promoted.

- ⇒ Executive Director Evers stated that there had been a lot of publicity across the country about horses breaking down and when, at the Kentucky Derby, Eight Bells broke down, it raised questions about how aggressive the rider was whipping the horse as she came down the home stretch. Racing Commissioners International, a group of Executive Directors from throughout the country, looked at the issue of the whip, now termed the riding crop, and looked at a new style of crop that had a popper on it. This popping sound helps encourage the horse to run to their best performance.
- ⇒ Mr. Twiggs explained that the material on this new crop was not as hard on the horse, but still made the same sound and that the compression was better than on a leather flap. However, because this new material fell apart rapidly in sand and water, they were continuing to do research to come up with a different composite that would hold up better.
- ⇒ Mr. Ives added that the riders mostly use the crop to cue the horse to take the proper lead and to keep the proper form as it runs the track.

⇒ In response to Commissioner Huber's question, Mr. Crispin confirmed that the new crop could be used for both Thoroughbreds and Quarter Horses and that there was no mandate for the use of only that type of crop at this time.

c. Licensing

Licensing Specialist Vincent Mandina's report included the following:

Currently, he'd been working on processing the license renewals. He was encouraged to see older licensees returning to renew their licenses, adding that it was his opinion that the excitement and positive atmosphere at the track that Magna's promotions were generating were also reaching people who had raced in the past and bringing them back.

There'd been an increase in new licensees from Canada and he attributed it to the racing environment in Oregon, the weather, and the 22% exchange rate.

He'd been working on ways to streamline the application process and had made some of the forms available on the website which was very helpful to the new applicants and licensees.

New on the application, was a request for email addresses. Mr. Mandina explained that it was his hope that by emailing the jockey incentive program, summer circuit condition books, and the race meet schedule, that he could encourage people to participate in racing in Oregon throughout the year.

Mr. Mandina stated, "I get a lot of feedback from the people who come in the door. People are very positive about the commission, the personnel and the environment. They usually compare us to other states and we usually get the best mark from them verbally. I just feel like we're being really effective."

⇒ BJ Cosson, TVG, stated that Mr. Mandina was a super individual to work with and that he served the commission well.

d. Investigators

Chief Investigator Steve Brewster's report included the following:

Among their duties, the investigators patrolled the backside in restricted areas; informed licensees of the rules and encourage compliance with a light hand instead of a heavy hand, which was their goal; searched and seized evidence and maintained chain of custody for that evidence; and received and maintained biological samples and human urinalysis (UA).

This year, they had been utilizing a new device, a drug wipe, which allowed them to test for opiates, amphetamines, cocaine and marijuana on the spot. Utilizing the drug wipe was easier, cheaper, and less intrusive than a UA and could it be done immediately with results in a few minutes. It's based on perspiration and will tell whether the person had been using the drugs within the last eight to 12 hours. If the drug wipe tested positive, the individual was then required to provide a UA. He explained that it was his opinion that the drug wipes deterred and changed behavior because the licensees knew they could be tested immediately.

A new Off Track Betting site would be opening, which would bring the total sites up to fifteen.

During this commercial meet, they had opened 47 files, held 29 hearings, and conducted 513 backgrounds, which included utilizing NCIC, LEDS, RCI, OJIN, Credit Reporting, and the Secretary of State Corporation Division records.

They'd just completed the 20 jockey physicals, which were conducted on an annual basis. He added that Portland Meadows paid for half the cost of the physicals, which eased the financial burden of the jockeys.

e. Hubs

Supervisor of Account Wagering Hubs Gordon Tallman's report included the following:

Two new hub applications that were approved today brought the total number of Oregon hubs to eleven.

Anticipated continued growth as he had received additional inquiries about hub licensing requirements in Oregon.

Mr. Tallman stated his appreciation to the investigators and their assistance with the background investigations which were part of the hub application review process, especially now that they needed to conduct international background checks.

At this time, the commission entered into executive session and upon their return continued the meeting with the next agenda item:

11. Action on Final Order for David D. Singer

David D. Singer, his employer, and Dick Cartney, Executive Director of Oregon HBPA, were present to address the commission regarding this matter. Mr. Singer presented oral arguments in support of his exceptions filed in response to the commission's Amended Proposed Order issued on December 19, 2008.

At this time, the commission entered into executive session and upon their return continued the meeting with the current agenda item:

ACTION: MOTION (Huber) Reject the amended proposed order and recommend licensure with conditions.

VOTE: 3 Aye, 2 Nay, as follows: Johnson: Nay
Robson: Nay
Dudley: Aye
Huber: Aye
Williamson: Aye

ACTION: MOTION (Huber) The conditions consist of random drug testing for the duration of his licensure.

VOTE: 5 Aye, 0 Nay

12. Confirmation of Next Commission Meeting - February 19, 2009

All commissioners present indicated they would be able to attend the

February meeting. Vice Chair Robson added that he would not be able to attend the following meeting in March.

13. Public Comment

⇒ Dick Cartney, Executive Director Oregon HBPA, stated his appreciation to the commission for giving Mr. David Singer a chance. He stated that he believed that in certain cases, people who had shown that they'd turned their life around needed to be given a chance, otherwise, they wouldn't have any incentive to ever change their behavior.

There being no further business, the meeting was adjourned.