

MEETING MINUTES

OREGON RACING COMMISSION February 19, 2009

The Oregon Racing Commission met on Thursday, February 19, 2009 at 1:00 p.m. in Room 1A of the Portland State Office Building located at 800 NE Oregon Street, Portland, Oregon. The commission immediately went into executive session to conduct a staff performance evaluation pursuant ORS 192.660(2)(i) and reconvened in public session at 1:30 pm. 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 recommended moving agenda item number five, Betfair/TVG Informational Update, to item number three.

ACTION: MOTION (Robson) Approve agenda as amended.

VOTE: 5 Aye, 0 Nay

2. January 13, 2009 Special Teleconference Minutes

ACTION: MOTION (Robson) Approve minutes as submitted.

VOTE: 5 Aye, 0 Nay

3. January 15, 2009 Meeting Minutes

ACTION: MOTION (Robson) Approve minutes as submitted.

VOTE: 5 Aye, 0 Nay

4. Betfair/TVG Informational Update

Greg Nichols, Managing Director of Sport, and Richard Shapiro were present to answer questions. Information and discussions included the following:

Betfair, a London based technology company started in 2000 and was currently licensed in six or seven very diverse jurisdictions including the UK, Malta, Australia, and Italy. In their nine years of existence, they hadn't "turned a loss" and expected their revenues this year to be in excess of 300 million sterling. They now employed sixteen hundred people worldwide, with the acquisition of TVG, and did 600 million betting transactions a day. He explained that number exceeded the aggregated amount of transactions on the five major European stock exchanges.

Originally, they'd planned to be an exchange for just horse racing, but had 40 different sports internationally, providing the full compliments of wagering and gaming opportunities.

Mr. Nichols explained that Betfair's goal was to open a betting exchange in the US and that the pari-mutuel industry was an important part of their international strategy. He stated that they had alliances with the UK and Irish totes, the Tasmanian TAB and, very soon, the Hong Kong Jockey Club and that they would all commingle into the pari-mutuel pools.

The acquisition of TVG was their first step to what they believed would be a pivotal role in promoting horse racing in the US. Mr. Nichols stated that he had a great

passion for the sport having been on the administrative side as well as an owner of horses, adding that the last thing he wanted was for horse racing to be marginalized. To prevent that, he believed that horse racing needed to adopt innovation and take on a different persona.

Their strategy included introducing new levels of customer service, customer analysis, and bet types with the goal of making TVG an even stronger vehicle into the future. They liked the synergy between television and streaming and thought the two were complementary, not exclusive of each other. They planned to build up both aspects of TVG's business to ensure that there was a vast coverage of horse racing on as many distribution networks as possible.

Mr. Nichols reassured the commission that Betfair's interests were to promote horse racing in Oregon and that they were here for the long haul, adding that their aspirations were to play a dominant role worldwide, not just in Oregon, and not just the US, but worldwide.

⇒ In response to Commissioner Huber's question, Mr. Nichols explained that Betfair was the main company, privately held, and that they owned ODS Technologies, the holding company for TVG.

5. Portland Meadows Report

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

They'd run 51 days of live racing this year compared to 53 days in the previous year; the average field was 7.6, compared to 7.5; average purses paid per day were \$46,500 compared to \$48,700, down 4.5%; average wagering on Portland Meadows in state product was \$37,732 per live race day compared to \$37,200, an increase of almost 1.5% when other racing jurisdictions were seeing double digit declines; average total handle per day of \$620,509, an increase of almost 27%; wagering in Oregon on the Portland Meadows network was \$17.6 million, down 14.5 percent.

6. Subcommittee Update Reports

a. Advanced Deposit Wagering and Multi-Jurisdictional Hubs

Chair Johnson reported that the subcommittee had met that morning to review proposed rule changes. Mr. Tallman would be forwarding a redraft of the proposed rules to the stake holders within the next two weeks. On March 19th, prior to the regularly scheduled commission meeting, a joint stakeholders meeting would be held at 10:00 am. The public hearing for the proposed rules was currently scheduled for the morning of the April 16th commission meeting.

b. Best Practices

Commissioner Dudley explained that they were in the process of conducting the executive director's evaluation, which was the reason for the executive session at the start of the meeting, and that Vice Chair Robson would be submitting a written report on that evaluation process, to date.

At the last meeting, Best Practices Criteria #5, Agency's Key Communications, was tabled until this meeting, however; a good portion of their discussion during the executive director's evaluation was about communications, including

communications with the public. Mr. Dudley concluded that the discussion on Best Practice Criteria #5 had been completed for this year.

c. Budget and Hub Funds

Vice Chair Robson stated all of the hub fund requests had been submitted and that he and Chair Johnson would be meeting within the next two weeks to review the requests and put together a budget.

⇒ Executive Director Evers added that they anticipated being able to have the allocations of the hub funds on the March meeting agenda.

d. Medication and Horse Welfare

Commissioner Dudley reported that they met for the first time that morning to address the issue of catastrophic breakdowns in horse racing animals in the State of Oregon. He explained that they discussed researching the following: statistics, how the breakdowns were counted; track conditions, researching the idea of an outside assessment; necropsy program with Oregon State University Veterinary School, having a similar program to what California has with UC Davis; pre-exams, whether they should be conducted and who would perform them; the impact of toe grabs; riding crop usage; medication; and the condition book, researching the idea that the number of fast gallops in a six week or two month period might impact the horse's chance of having a catastrophic breakdown.

7. Oregon Greyhound Association Status Report on the Adoption Kennel

Dick Gage, Oregon Greyhound Association (OGA) President, and Tom Weaver, Presiding State Greyhound Judge, were present to answer questions. Information and discussions included the following:

In 2008, 138 greyhounds were brought into the adoption kennel and 118 were adopted out. As of February 13, 2009, there were 44 greyhounds in the kennel. They estimated 15 to 25 greyhounds would enter the kennel in the next four months.

Mr. Gage provided a list of operational expenses as well as a bimonthly breakdown of outgoing expenses compared to the incoming hub funds.

The OGA outlined its plan to ensure that as the adoption program ended on June 30, 2009 that any remaining greyhounds in the kennel would be placed in safe environments. The list of groups that would house the greyhounds included: Greyhound Pets of America/Emerald Pacific in Tacoma; Homes for Hounds in Waldport; Camp Run-a-Muck in Medford; Idaho Sight-Hounds Adoption in Boise; and the newly formed Oregon Greyhound Adoption Group in Portland.

Mr. Gage stated each location had been previously licensed and inspected numerous times by the ORC with the exception of Home for Hounds and Camp Run-a-Muck. He explained that Home for Hounds was licensed since 1993 until a fire in 2008 destroyed the kennel, but would be inspected and licensed again once the reconstruction was completed in May, 2009. Camp Run-a-Muck had been inspected as a doggie day care previously, but would also be inspected and licensed prior to placement of any of the dogs.

The newly formed Oregon Greyhound Adoption Group was made up of a group of volunteers who had visited the adoption kennel almost every

Saturday since Multnomah Greyhound Park had closed. Mr. Gage attributed much of the success of the adoption program to those volunteers. He stated that they walked, groomed and learned the traits of each dog which could then be explained to a perspective adoptee. He added that these volunteers were extremely knowledgeable in the care of retired greyhounds and that many of them had 10 to 20 years of experience with the adoption process.

If they still had greyhounds that needed to be relocated on June 30, 2009, Mr. Gage requested that any remaining greyhound hub funds be distributed to one or more of these greyhound groups.

In response to the letter of request Commissioner Williamson had received from Greyhound Pets of America Northwest in Portland, Mr. Gage stated his appreciation for their request, adding that the OGA was pleased to know that there was another option available should something go wrong with their current transition plans.

8. Legislative Update

Executive Director Randy Evers reported on the following two ORC bills:

a. Senate Bill 198: This bill granted the commission authority to immediately suspend the license of one of the hubs. The criteria in the bill stipulated that the reason for the suspension had to be a direct violation of state or federal law or had to place the players' money in jeopardy. Two senators raised a concern about the amount of time that could lapse between a suspension date and a hearing date. After checking with the Office of Administrative Hearings, the bill was changed and now required a hearing to be held within 15 business days of a suspension. Next, the bill would go to a work session and Mr. Evers would keep the commission informed on the bill's progress.

b. House Bill 5044: This was the Racing Commission's budget bill which was heard by the Joint Ways and Means Subcommittee on Transportation and Economic Development and chaired by Senator Johnson. Mr. Evers stated that there did not seem to be any issues or concerns on the ORC budget and thought it had an excellent chance of being passed by the legislature.

9. Confirmation of Next Commission Meeting - March 19, 2009

Four commissioners indicated they would be able to attend the March meeting. Vice Chair Robson would be excused.

10. Public Comment

- ⇒ Dave Nelson referenced last week's Oregonian article on the subject of track safety and horse breakdowns. He stated that at one time, the commission had allocated one tenth of one percent from the pari-mutuel handle for researching these types of issues at the College of Veterinary Medicine. He suggested that the commission again take a proactive approach by budgeting some amount of money to address animal safety in racing.
- In response, Commissioner Dudley stated that the Medication and Horse Welfare Subcommittee did discuss funding issues. They planned to research what the cost would be to transport the horses from the track to OSU for the

necropsy program and how it would best be funded.

→ Commissioner Huber stated that the committee had also discussed funding of the necropsy program and doing a gross necropsy on a horse as well as doing some histology, which was looking at samples of bone or tissue under a microscope. He estimated the cost would be about \$300.00 for each horse.

In response to the Oregonian article, Commissioner Huber stated that the commission would respond to the concerns that were expressed in the article by first defining the problem. They would look at the history of the problem and try to improve on how it was addressed. Secondly, they would look at how best to respond to the issue.

Commissioner Huber explained that, in the mean time, the ORC veterinarian's looked at the horses in the saddling paddock and assessed those horses that shouldn't race. In addition, they evaluated the animal after the finish of the race. Any animal that left the track lame or with excessive swelling in an area was placed on the vets' list of concern. The list didn't prevent the animal from competing, but it alerted the ORC veterinarians as well as the vets working on the back side that they were concerned about that animal. Any animal that came off the track after pulling up and not finishing a race or that was injured in a race had blood samples taken for medication testing. Commissioner Huber added that all of the horses that had to be euthanized, to date, had not tested positive for drugs.

There being no further business, the meeting was adjourned.