

MEETING MINUTES

OREGON RACING COMMISSION March 19, 2009

The Oregon Racing Commission met on Thursday, March 19, 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, Chris Dudley, Michael Huber, DVM, and Charles Williamson. Vice Chair Robson was excused.

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

1. Approval of Agenda

Chair Johnson recommended moving agenda items number four and five, Action on Final Orders, to precede agenda item number eight under Other Business. She also added an executive session following agenda item number seven.

ACTION: MOTION (Williamson) Approve agenda as amended.

VOTE: 4 Aye, 0 Nay, 1 Excused

2. February 19, 2009 Meeting Minutes

ACTION: MOTION (Huber) Approve minutes as submitted.

VOTE: 4 Aye, 0 Nay, 1 Excused

3. Portland Meadows Report

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

They'd run 59 days of live racing this year compared to 61 days last year; the average field size was almost 7.6 horses per race, on par with last year; average purses paid per race day were \$46,900, down from last year's \$50,600, adding that at this point last year the meet had already concluded and Portland Meadow's closing weekend included some high stakes races that were yet to come for this year; average wagering on Portland Meadows in state product was \$38,200 per live race day, about 5.4% less than last year's \$39,000, totals that would again be affected by the closing weekend; export sales continued to experience growth with an average total handle per day of \$620,000 compared to \$492,000 in the previous year, an increase of almost 22%, adding that Wednesdays were a phenomenal success with their highest record handle of 1.4 million occurring on a Wednesday and the combined average on the Wednesdays alone totaling over a million dollars; wagering in Oregon on the Portland Meadows network was \$21 million, down 15 percent from the \$25 million in the previous year.

Charles Koon & Sons was hired to assess the track surface. Mr. Alempijevic stated that they had lost a few race days due to the weather, but believed that they would now be better prepared to deal with it in the future.

⇒ In response to Commissioner Huber's questions, Mr. Alempijevic stated that they had added 600 tons of sand to the racing surface and would continue to keep the dialog going with the horsemen and jockeys. He explained that at the biweekly track committee meeting everyone was very happy with the current track conditions.

⇒ When Commissioner Dudley asked if the track would remain open this year, Mr. Alempijevic responded that they had reached an agreement with the Oregon HBPA to keep the track open for summer stabling.

4. Subcommittee Update Reports

a. Advanced Deposit Wagering and Multi-Jurisdictional Hubs

Chair Johnson reported that the subcommittee met with the stakeholders that morning to review proposed rule changes. The public rules hearing was scheduled for 10:00 am on April 16, 2009 with Commissioner Williamson acting as the hearings officer.

b. Best Practices

Commissioner Dudley stated that the commission would be reviewing meeting practices at the commission retreat. He added that he had seen improvements in their meeting practices, such as reducing the executive sessions during the public commission meetings and providing plenty of opportunity for people to provide public input.

Requested dates for the retreat in August.

c. Budget and Hub Funds

Executive Director Evers thanked everyone for submitting their hub funds requests, stating that the requests exceeded the revenues by a little over a million dollars. He added that the Budget Committee was now tasked with prioritizing them.

He explained that the committee had met twice and after hearing from the horsemen's groups today, they would have one more meeting prior to the April meeting when the commission would allocate the funds. He reiterated that the allocations were based on revenue projections for July 1 of '09 to June 30th of 2011.

d. Medication and Horse Welfare

Commissioner Huber stated that the subcommittee planned to meet in April to discuss such topics as a voluntary autopsy program, the impact of toe grabs, and whether additional improvements need to be made to the track. He thanked Portland Meadows and Mr. Alempijevic for the track assessment and the changes that they made for the betterment of racing and the welfare of the animals.

5. OHBPA, OQHRA and OTOBA Report on 2007-2009 Hub Fund Usage

OTOBA: Gay Welliver, President OTOBA, and Wendie Hayes-Pounds, Executive Director OTOBA, were present to answer questions. Information and discussions included the following:

Utilizing a spreadsheet, Ms. Hayes-Pounds explained that the hub funds were used to make up the difference between breakage dollars received from Portland Meadows and the amount needed to reach their program commitments to the horsemen, including bonus awards and purse supplements.

Last year, OTOBA implemented a new incentive program, [the Summer Fair High Point Thoroughbred Summer Challenge] where the owners received

points for each meet that they entered and on the placings of the horses as they finished in the races. They could earn the points in restricted races and any open races. Last year there were five places that were paid out totaling \$2,625, with the highest point earner receiving \$1,000. This program helped stimulate participation in the smaller fair meets and helped to fill the races.

The owner bonus paid out for the first three months of the 2008 Portland Meadows race meet totaled \$15,400, a significant amount of money that went back to the Oregon bred horse owners and helped to support the industry.

OHBPA: Dick Cartney, Executive Director, OHBPA, Jim Fergason, President OHBPA, were present to answer questions. Information and discussions included the following:

The OHBPA [Oregon Horsemen's Benevolent & Protective Association, Inc.] represented the horsemen and negotiated purse money and other conditions with the race track. They currently had approximately 1,600 members, every person who started a Thoroughbred horse at Portland Meadows automatically became a member of the OHBPA, no membership fees required. They represented and provided benefits for the Thoroughbred owners and trainers and their full-time employees.

The OHBPA utilized \$5,000 of the hub funds to supplement a stakes race at each of the summer fair meets and the remainder to supplement purses at Portland Meadows. Mr. Cartney added that they matched the \$5,000 stakes race supplement with their own funds so that the total stakes race purse supplements totaled \$10,000 with \$2,000 going to each fair meets. He explained that increasing the purse winnings was increasingly important as the expenses for the horsemen continued to rise and many of them were struggling to make ends meet.

⇒ In response to Commissioner Williamson's request, Mr. Cartney agreed to also submit a written report of his oral presentation.

OQHRA: Leah Nelson, Representative, and Dave Nelson, Board Member, were present to answer questions. Information and discussion included the following:

Utilizing a spreadsheet, Mr. Nelson explained that the hub funds were very important to their organization and allowed them to increase the purses at Portland Meadows and the summer fair meets. Those purse supplements were used for stakes races as well as Oregon bred overnight races. She added that they also used hub funds to provide a cash bonus to the Oregon bred winners and \$5,000 towards the Triple Crown Insurance Policy.

In addition to the hub funds, the OQHRA other revenues came from a purse account, the source market funds and other contributions, such as the \$10,000 for the Baxter Andruss Futurity.

Mr. Nelson requested that the hub distribution formula written in the statute be revisited. He explained that while the hub funds had allowed them to supplement purses so that they were back up to what they were in the

1990's, the breakage money for breeders' awards paid out had gone down from approximately \$25-27,000 per year to \$2,700 per year. Currently, the rules and applications stipulated that they could match the breakage money for breeders' awards, but as the number of Quarter Horse races continued to decrease in the racing programs, the breeder awards continued to decrease. The way the rules were currently written, they would only be able to match \$2,700, continuing the downward spiral and actually preventing them from being able to increase the Quarter Horse breeder's award.

6. Confirmation of Next Meeting – April 16, 2009

All commissioners present indicated they would be able to attend the April meeting. Chair Johnson announced that there would be a Rules Hearing prior to the April meeting at 10:00 am.

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

7. Action on Final Order by Default for Jerry J. Lynn

ACTION: MOTION (Williamson) Adopt the Final Order as submitted
VOTE: 4 Aye, 0 Nay, 1 Excused

8. Action on Final Order by Default for Kenneth M. Peery

ACTION: MOTION (Williamson) Adopt the Final Order as submitted
VOTE: 4 Aye, 0 Nay, 1 Excused

9. Action on Final Order for Howard H. Haynes

ACTION: MOTION (Williamson) Adopt the Final Order as submitted
VOTE: 4 Aye, 0 Nay, 1 Excused

10. Action on Settlement Agreement & Stipulated Order for David D. Singer

ACTION: MOTION (Williamson) Adopt the Settlement Agreement & Stipulated Final Order as submitted
VOTE: 4 Aye, 0 Nay, 1 Excused

11. Action on Final Order for James W. Wooten, Jr.

ACTION: MOTION (Williamson) Adopt the Final Order as submitted
VOTE: 4 Aye, 0 Nay, 1 Excused

12. Public Comment

None.

There being no further business, the meeting was adjourned.