

MINUTES

OREGON RACING COMMISSION

November 19, 2009

The Oregon Racing Commission met on Thursday, November 19, 2009 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, Chris Dudley, and Charles Williamson.

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

1. November 19, 2009 Meeting Agenda

ACTION: MOTION (Dudley) Approve agenda as submitted.

VOTE: 5 Aye, 0 Nay

2. October 15, 2009 Meeting Minutes

ACTION: MOTION (Robson) Approve minutes as submitted.

VOTE: 5 Aye, 0 Nay

3. Premier Turf Club, LLC 2009-2010 Application for Multi-jurisdictional Simulcasting and Interactive Wagering Totalizator Hub License

Dwayne Yuzik, on behalf of Premier Turf Club, was present to answer questions.

- ⇒ Audrey Kauffman, Supervisor of Account Wagering Hubs, stated that the application met all of the ORC compliance requirements and she recommended approval.
- ⇒ In response to Commissioner Dudley's questions, Mr. Yuzik stated that the license would be effective from January 1, 2010 to June 30, 2010. He explained that once the license application was approved they would secure a lease for a call center in Oregon by December first. He added that there would be up to ten call tellers, managerial and support staff and that their tote was also located in Oregon.
- ⇒ Chair Johnson requested Premier Turf Club's verbal confirmation of specific details in their operating plan to provide on the record verification that they were in compliance with the Oregon statutes, rules and application requirements.

ACTION: MOTION (Robson) Approve application as submitted.

VOTE: 5 Aye, 0 Nay

4. Proposed Summer Race Meet Dates for 2010

Executive Director Evers explained that he has held four teleconferences with the three fair managers from the Eastern Oregon Livestock Show in Union, the Grants Pass Race Meet and the Crooked River Roundup in Prineville. The goal of these meetings was to resolve the issue of the conflicting race meets that occurred last summer when two meets ran on the same dates.

The options explored were:

Option 1) Union would take the first weekend in June; Grants Pass would follow for the next four weeks, always ending on the Fourth of July; and then Prineville would follow the Grants Pass Meet. That schedule would create a problem for Union because it would require them, in many years, to separate the rodeo from the race meet. Union voiced major concerns about this separation as they feel that it would dramatically hurt their livestock show and would decrease the number of volunteering parents to work the race meet because school would still be in session.

Option 2) Allow Union to take either the first or second weekend in June, depending on how the calendar falls; Grants Pass would then run one weekend, not run the weekend Union runs, and then run the next three weekends, concluding on the Fourth of July; and Prineville would follow. This schedule would work great for Union, but the management at Grants Pass voiced concerns about a break in the race meet as they feel that it would cause a loss of continuity, affect the meet's momentum and confuse their customers.

The commission also received letters from the Oregon Horsemen's Benevolent and Protective Association and the Oregon Quarter Horse Racing Association that stressed the importance of continuing the Grants Pass Race Meet over four consecutive weeks. Their concerns were that the horsemen would have to sit idle for two weeks, have the expenses of being out of town and yet not be racing.

Option 3) During the most recent teleconference held on November 12th, Executive Director Evers provided a third option that the fair managers all thought was a possible solution and agreed to discuss it with their board members and other stakeholders: Allow Union to take either the first or second weekend in June; Grants Pass would follow for the next four weeks without a break and with the Fourth of July falling on their third weekend a majority of the years; and Prineville would then follow Grants Pass.

Mr. Evers continued to explain that the last teleconference was scheduled for December 2, 2009 and the fair managers agreed that a decision needed to be made by the next commission meeting on December 17th. He stated he was optimistic that this third option would be acceptable to everyone. He added, if the fairs weren't able to come to a decision by then, that this last option would be what he would recommend to the commissioners. This third option resolved a lot of the fair meets' concerns.

5. Sub-Committee Update Reports

a. Advanced Deposit Wagering and Multi-jurisdictional Hubs

Nothing to report.

b. Best Practices

Commissioner Dudley explained that the Key Performance Measures [Best Practices] document had been updated after the retreat in July and that they now had a final version.

The first item on the document, the review of the Executive Director's job description, was supposed to be done annually in September. However, he reviewed the job description that was previously sent out to everyone shortly after Mr. Evers became Executive Director and recognized that this was what they were currently operating under and that it was working well. He added that there might be a little difference in the percentage of time allocated for certain tasks depending on

what was going on, but that was normal and to be expected.

b. Budget and Hub Funds

Vice Chair Robson stated there was nothing to report on the hub funds, but that the budget would need to be reviewed shortly as there was a substantial shortfall. He added that the subcommittee would be meeting prior to the December commission meeting.

c. Medication and Horse Welfare

Commissioner Huber stated that the subcommittee did not meet this month. He reported two fatalities at the Portland Meadows Race Meet to date, adding the horses had been evaluated and catalogued per the fatality program.

⇒ In response to Chair Johnson's questions about the pre-race exams, Executive Director Evers stated that they were going extremely well and that they'd received tremendous cooperation from the horse men and women on the back side. He explained that the commission didn't have the resources to test all of the horses so they did a random selection of about 10-20%. He thought that it was a good sign when, yesterday, one of the trainers who had a horse entered to race but was not on the pre-race exam list, came forward and asked for the vet to take a look at their horse. The vet did scratch the horse from racing. He added that while it may be a lost betting opportunity and not necessarily good for Portland Meadows, it was good that the horses were being protected.

He thanked Dick Cartney and Ron Sutton of the Oregon HBPA for their cooperation and participation. He concluded that the pre-race exams were a positive step forward and he was delighted with the way the program was working.

6. Portland Meadows Report

Will Alempijevic, General Manager of MEC Oregon Racing, Inc., dba Portland Meadows, was present to answer questions. He provided copies of a statistical report to each of the commissioners. Information and discussions included the following:

After 18 days of racing and 163 races (Monday to Wednesday race schedule) compared to last year's 19 days (Sunday to Tuesday schedule) and 176 races: they averaged 7.94 runners per race, up 4% from last year; purses averaged \$44,000 compared to \$48,500 last year, this loss was attributed to one less day of racing and a shift of the stakes races due to the longer race meet; in state handle averaged \$36,000, per race day, a drop of approximately \$11,000 from last year's \$40,480; export handle averaged about \$530,000 per race day, an increase of 41% from last year's \$375,000, which was attributed to the switch from Sunday to Wednesday racing. Mr. Alempijevic explained that the State of California had taken all of the Wednesday Portland Meadows races so far this year and, in addition, Portland Meadows had signed on a few new partners.

The average handle per day for the in state exports was \$565,000 compared to \$415,000 last year; Oregon all product wagering was \$5.8 million wagered this year compared to \$6.9 million wagered last year, a 16.25% drop. Mr. Alempijevic stated that, according to an article in Blood-Horse that looked at a similar period of time, handle on US races was down 17.17% from 2008 which puts Portland Meadows ahead of the industry norm, especially considering the new smoking ban in Oregon.

This coming Monday, they will begin a new promotion in conjunction with the Portland Trail Blazers. The Blazers have five Monday night games at home this season and Portland Meadows will offer a \$15.00 betting credit to anyone who brings in one of those Monday night tickets.

Under **New Business**, Chair Johnson announced the forming of the new Nominating subcommittee for the upcoming officer election in December. She appointed Commissioner Dudley as Chair with Vice Chair Robson as a committee member.

7. Confirmation of Next Commission Meeting – December 17, 2009

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

8. Public Comment

⇒ BJ Cosson with TVG requested an update on the commission's actions regarding UIGEA and the credit card companies' responses.

→ Kelly Gabliks, AAG, explained that the regulations adopted by the US Department of Treasury created a safe harbor for the banks and the credit card companies to be able to engage in online gambling without being subjected to criminal penalties. The safe harbor, in part, required the following: a copy of a license that showed the business as legal in a particular state, and a legal opinion regarding the legalities of operating that business in that particular state.

Effective December first, Master Card would discontinue taking internet gambling while Visa would continue to allow internet gambling if the company produced the documentation required for safe harbor.

Ms. Gabliks stated that they were in the process of trying to provide this information to the ADWs so that they could continue to take wagers via the internet with credit cards and any type of bank transfers.

⇒ Jay Schram, Eastern Oregon Livestock Show, explained that they had three events happening at once: the rodeo, horse racing and the FFA 4-H Livestock Show, a combination that made their show unique and successful.

The EOLS was dependent on volunteers in their community and around the state, some as far as Boise, Tri-Cities, Seattle, Portland and Bend.

The sale of the 4-H animals produced \$268,000 for the families and the people involved.

Their show occurred the first full weekend in June, right after the kids got out of school. This provided them with a few days to get their animals ready before taking them to the show. If they moved those dates, it would definitely affect the kids as it wouldn't allow them time to prepare their animals and could possibly prevent them from participating in the program at all because of school.

If they split up those three events, it would be a hardship on Union because of the large amount of volunteer work involved and the fact that everyone works

with each other to make those three events successful.

- In response to Commissioner Williamson's question, Mr. Schram stated that the third option Executive Evers proposed would work very well for them and he thought that the other fairs were leaning towards it as the best solution.
- Commissioner Dudley stated that he hoped that the fairs could come to an agreement and not force the issue on to the commission. He explained he would have a hard time voting for any overlap due to safety issues and logistics. He added that both horsemen's associations stated that they did not want the Grants Pass meet split up. In the interest of the whole industry, the fairs needed to come to an agreement.

There being no further business, the meeting was adjourned.