

MINUTES

Oregon Racing Commission March 18, 2010

The Oregon Racing Commission met on Thursday March 18, 2010 in Room 1A of the Portland State Office Building located at 800 NE Oregon Street, Portland, Oregon.

In Attendance: Commissioners, Chair Stan Robson, Vice Chair Chris Dudley, Michael Huber, DVM, Charles Williamson, Executive Director Randy Evers and Kelly Gabliks, AAG.

Absent: Kerry Johnson

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

1. March 18, 2010 Meeting Agenda

Action: Motion (Williamson) To approve agenda with a change of order under Old Business agenda item #5 (MEC Bankruptcy update) to agenda item #3.

Vote: 4 Ayes, 0 Nays

2. January 21, 2010 Meeting Minutes

Action: Motion (Williamson) Approve minutes as submitted.

Vote: 4 Ayes, 0 Nays

3. MEC Bankruptcy Update

Greg Scoggins, Vice President, of Regulatory and Business Development for Magna Entertainment was here on behalf of Xpress Bet, Am Tote International and MEC Oregon Racing Inc.(Portland Meadows) along with Gene Chabrier, Director of Regulatory Affairs for Xpress Bet, provided a presentation on how reorganizing after bankruptcy is scheduled.

SUMMARY

It is contemplated that MEC as an entity will eventually be going away and its' ownership interest in the following assets will be transferred to MI Development Inc. (MID), or a directly or indirectly wholly owned subsidiary. These assets include Los Angeles Turf Club, Pacific Racing Association, Gulfstream Park, Express Bet, Am Tote International and MEC Oregon Racing. The goal for the "effective" court approval date is April 30, 2010. All details of the MEC bankruptcy are posted on their website www.magnaent.com .

4. Sub-committee Update Reports

- a. Advanced Deposit Wagering and Multi-jurisdictional Hubs
Nothing to report.
- b. Best Practices
Nothing to report.
- c. Budget and Hub funds
Nothing going on right now. No adjustments at this time.
- d. Medication and Horse Welfare
No new information.

5. Portland Meadows Report

Will Alempijevic, General Manager of MEC Oregon Racing, Inc. dba Portland Meadows (PM) was present to give the regular, monthly recap. He provided copies of statistical reports to each of the Commissioners. Information and discussions included the following:

Racing period from the beginning of October to March 14, 2010:

- Portland Meadows ran 63 days this period compared to 60 days in the previous period. They have a similar schedule this year but had some cancellations in the previous year.
- 569 races have been run this meet compared to 554 last year.
- PM has a fairly steady average of 7.6 runners per race.
- PM has had 487 Thoroughbred races vs. 82 Quarter horse races.

- Total purses paid this year are \$2.64 million vs. \$2.768 million last year. The daily average this year is just below \$42,000 which is a 9% drop from just above \$46,000 average the previous year. This is primarily due to a change in the stakes schedule, which was stretched out due to a longer race meet this year.
- The “Handle” or total wagering on PM races “in- state” averaged \$33,000. That is a drop of 12.38% from last year’s \$37,591 per day.
- Portland Meadows’ export sales have steadily held strong and increased quite a bit, with an average of \$749,000 per race day. On wagers from outside the state of Oregon on our races compared to last year’s \$611,000. That is an increase of over 22%. A figure to be proud of. This means fans of racing and gamblers in other areas are receptive to the product.
- Total daily wagering on races is about \$782,000 which is an increase of over 20% over last year’s figure of \$648,000.
- Oregon wagering – the amount of wagers that have been processed at Portland Meadows is \$8.9 million for this September 28, 2010 -March 14, 2010 period vs. \$10.3 million last year a drop of almost 14%.
- Off track betting network \$9.7 million for this period vs. almost \$11 million from the previous period, a drop of 11.3%. Blended together the state of Oregon in the Portland Meadows network which includes PM and the 14 OTB’s have processed \$18.6 million dollars in wagers vs. \$21.3 million in same period from the previous year, a drop of 12.57%.

Track Attendance

- Commissioner Dudley raised the question, could the change in schedule of running days be partly responsible for the downward trend? Dr. Huber added that there just may be a difference in attitudes

on wagering due to people's economic conditions. Will responded that both may be playing a part.

Mortality Rate

- Dr. Huber asked what the mortality ratio is currently. According to Will this has improved and trending toward 1.6 per thousand starters.

Purse Money

- Dr. Huber asked if purses might see an increase, but with wagering down Will said "this is not likely".

6. New Business-Legislative Concepts

Executive Director Evers expressed that he had sent out an e-mail to all the Commissioners and attached to it were seven different Legislative concepts that need review and discussion. The Legislative concept development schedule requires submission prior to April 9, 2010 to the Department of Administrative Services.

Executive Evers shared that on March 9, 2010 there was a stakeholder meeting regarding these concepts; it was well attended and lasted about 3 hours. Stakeholders in attendance represented Portland Meadows, the OHBPA, the OTOBA and several advanced deposit wagering companies.

Chair, Stan Robson, asked that each concept be identified and then proceed with discussion. Executive Evers informed the Commission that the concept involving "Update the Licensees Subject to the Provisions of this section" had been withdrawn prior to this meeting. Commissioner Williamson said "after his work on concept (Recovery of Appeals Costs for Failure to Appear) that it too should be withdrawn as it is no longer an issue". All were in agreement. After discussion the remaining five were voted on.

- a) Authorize Oregon Racing Commission to Join a National Compact-** Discussion overall was unfavorable of this concept as it doesn't seem to be beneficial to Oregon. Commissioner Dudley suggested that this concept be put on hold. All were in agreement.

Action: Motion: (Dudley) Seconded: (Huber) not to go forward with this concept for the 2011 session.

b) Licensing Fee Structure- this concept would change the Fee charged to licensees for their annual license.

Action: Motion: (Williamson) Seconded: (Huber) to revise and approve the Commission to have the power to set fees through Administrative rule.

Vote: 4 Ayes, 0 Nays

c) Mutuels-Redemption of Loss/Damaged Vouchers- The current statute allows redemption. The question is whether to be redeeming a voucher when it is not physically presented and has been lost or damaged? Kelly Gabliks, AAG, Dept. of Justice, was uncomfortable with this concept and asked that the Commission put a “place holder” on it, to have time for further consideration.

Action: Motion: (Williamson) Seconded: (Dudley) to put a “place holder” on the concept of “Mutuels- Redemption of loss/damaged vouchers.”

Vote: 4 Ayes, 0 Nays

d) Mutuels-Redemption of Loss/Damaged winning/refund Tickets- The concept is almost identical to the previous concept except the issue concerns lost or damaged winning tickets. Kelly’s recommendation was to put a “place holder” on this item as well until further consideration has been made.

Action: Motion: (Williamson) Seconded: (Huber) to put a “place holder” on Mutuels-Redemption of loss/damaged winning /refund tickets.

Vote: 4 Ayes, 0 Nays

e) Totalizator Licensing- Currently Totalizator companies are not licensed. This concept proposes that the ORC requires them to be licensed. The Totalizator companies were not opposed to licensing.

Action: Motion: (Williamson) Seconded: (Dudley) to impose licensing on all Totalizator companies and give the Commission authority to set the licensing fees through Administrative Rule.

Vote: 4 Ayes, 0 Nays

Comments:

Roger Nyquist with ODS Technologies (TVG), a long time advocate for racing in Oregon, spoke about his concerns regarding the introduction of legislative concepts and the relating clauses the bills may attract. Roger offered some possible future legislative concepts to consider. One suggestion was an expansion of gaming that is becoming a more prominent role of racing in other states, by putting at race tracks “Texas Hold’em” tables.

In support of Roger, Ben Hayes with US Off-Track expressed that the environment we are working in right now, especially at the Federal level is that “it’s” coming. Ben stated that expanding this area of gaming is a natural thing for this Commission to take forward. There are two existing bills in Congress, one in the House and one in the Senate that look favorable to pass this summer. Roger agreed that they would get together as an industry and then get back to Randy Evers in the coming weeks with specific ideas on how to move forward.

7. Confirmation of Next Commission Meeting- April 15, 2010

Commission Chair Robson stated he would not be attending the meeting. Kelly also stated she would not be present at that meeting. All others will be present. The meeting will be chaired by Vice Chair Dudley.

8. Public Comment

None.

9. Adjournment

There being no further business, the meeting was adjourned.