



MINUTES

Oregon Racing Commission November 18, 2010

Meeting Detail

The Oregon Racing Commission (ORC) met on Thursday, November 18, 2010 in Room 1B of the Portland State Office Building located at 800 NE Oregon Street, Portland, Oregon.

In Attendance

Commissioners: Chairman Stan Robson, Vice-Chairman Christopher Dudley, Commissioner Michael Huber, DVM, Commissioner Charles Williamson and Commissioner Kerry Johnson.

Staff: Randy Evers (Executive Director) and Kelly Gabliks (Assistant Attorney General)

Call to Order

Commission Chairman Stan Robson called the meeting to order at 1:30 p.m.

AGENDA ITEMS

Approvals:

November 18, 2010 Meeting Agenda

Action: Motion to approve the agenda as submitted.

Moved by: Commissioner Williamson

Seconded: Commissioner Dudley

Vote: 5 Ayes, 0 nays

September 16, 2010 Meeting Minutes

Action: Motion to approve the September 16, 2010 Meeting Minutes as submitted.

Moved by: Commissioner Williamson

Seconded: Commissioner Dudley

Vote: 5 Ayes, 0 nays

Old Business:

Sub-Committee Update Reports:

- a. Advanced Deposit Wagering (ADW) and Multi-jurisdictional Hubs
Commissioner Johnson stated that the sub-committee will be meeting after the Commission meeting and that currently there is nothing to report.
- b. Best Practices
Commissioner Dudley stated there is nothing new to report.
- c. Budget and Hub Funds
Commissioner Robson stated that there was nothing to report and that the budget requests for the horse associations would be considered later in the meeting.
- d. Medication and Horse Welfare
Commissioner Huber stated that the medication sub-committee met prior to the Commission meeting from 10:00am to 12:00pm to discuss the summer race meets and the "Racing Medication Testing Consortium" (RMTC) racing medication and testing recommendations. The sub-committee recapped the summer safety statistics and scheduled the next meeting date for January 20, 2011 at 10:00am. As a result of meeting this morning, a motion will be brought forward under "new business" later in the meeting.
- e. Executive Director Report
Executive Director Randy Evers stated that he would be attending the Racing Commissioners International (RCI) symposium December 5th thru 9th in Tucson, Arizona on behalf of the Oregon Racing Commission. Director Evers reported that he has been asked to moderate a panel of "boutique" Advanced Deposit Wagering (ADW) companies at the symposium. This is a group of smaller ADW's that will be giving a presentation on their niche in the industry. Director Evers stated that he accepted the request to moderate the panel and by doing so, his registration fee of \$495.00 was waived. Director Evers stated that moderating this panel may provide a good opportunity to invite new business to Oregon.

Commissioner Williamson questioned Director Evers regarding any new news on the budget. Director Evers stated that there was no change and that he expects more direction in December.

Portland Meadows Report:

Jerry Kohls of Portland Meadows (PM) was present to give the Portland Meadows live meet wagering summary report. Mr. Kohls stated that the summary reflected information from October 4, 2010 thru November 14, 2010. PM ran eighteen days during this period. PM ran eighteen days last year during this same time period. There were 167 races this year compared to 163 races last year. PM had 1,311 starters for an average of 7.85 starters per race with last year's

average having been 7.94 starters per race during this same period. Total purses were \$775,800.00 compared to \$794,800.00 last year which is down 2.3%. Mr. Kohls reported that it's been difficult to fill the better races this year more so than last year. The total wagering on Portland Meadows on track was down 8.54%. The off-track betting sites (OTB's) were down 16.74%. The total for in state wagering on live racing is down 10.5%. Mr. Kohls stated that the one "bright spot" was that export sales were at \$10.9million compared to \$9.5million one year ago. Exports are up 15.28%. Oregon wagering on all of PM products incoming simulcast signals on track was down 11.9% and OTB's down just shy of 8%. Overall wagering in Oregon was down 9.99%. This is a little worse than the national average. For the month of October the national average was down 6.73% and for the year is down 7.15% thru October.

Mr. Kohl's stated with regard to marketing PM has partnered up with Portland Trail Blazers again this year. Throughout each game on the 360 ring they will feature PM several times. PM also has "Trail Blazer Wednesdays." If you attend any of the Tuesday night Blazer games and bring your tickets to the track on the following Wednesday, PM will give a \$15.00 value in "Blazer Bucks" for use on mutuel wagering or concessions. PM has also teamed up with the radio station 95.5 The Game again this year for sponsorship of the people's horse "Taylor Jones" (who won his first time out of the gate). In addition to the Trail Blazers and radio PM is also in newspaper print. PM has two big events coming up. First is the "XpressBet Jockey Challenge" on Monday, November 29, 2010. This will have some of the best jockeys in the country riding and competing against each other. The second event is the "Oregon Bred Championship" on Sunday, December 12, 2010. Commissioner Johnson stated that it was nice to see the advertisement for the Jockey Challenge on the "Blood Horse" website.

Commissioner Williamson questioned Mr. Kohls regarding whether the decrease in OTB wagering is due to there being fewer sites? Mr. Kohls stated that the OTBs are not his area of expertise and that he could not respond to the question at this time.

New Business:

Steward's Summer Race Meet Report:

Presiding Steward Martin Hamilton and Deputy Steward Mike Twiggs were in attendance to present the summer circuit race report. Mr. Hamilton thanked the Commissioners for allowing the stewards to address them that afternoon. Mr. Hamilton stated that the purpose of the presentation was to give the Commission a brief summary of the summer race circuit. A new racing secretary Shorty Martin and his wife Karen did a fabulous job. There was an extreme amount of rain at Union that caused the races to be called for that first day. Shorty rescheduled the canceled races over the next two days. Both the horseman and the fair management were very appreciative. Mr. Hamilton reported that in Grants Pass there were some problems the first week. Things did get better the second week after they re-wired the starting gate. Mr. Hamilton stated that each

of these fair meets has their own unique challenges and attributes that have to be addressed as they arise. Mr. Hamilton stated that he could comment about each one individually but rather than detail each one, the entire circuit went very well over all. Everyone they worked with was very cooperative and helpful. Mr. Hamilton concluded that he felt the summer circuit was very successful.

Mr. Twiggs was happy to report that we have had a sufficient number of jockeys the last two years. The Jockey Incentive Program has really helped in this area. The jockeys benefit, the Associations benefit, it has just been a really good program all around. This year the pay was \$15.00 per starter. The more a jockey rode the more they made. Director Evers stated that he believed that if this incentive program wasn't available they probably wouldn't fill the starting gate. Commissioner Williamson questioned how the jockeys get paid. Mr. Twiggs stated that they are paid their "jock mount" from the trainer/owner when they step on the scale. The incentive money is additional and is paid at the end of the summer circuit.

Oregon Horsemen's Benevolence and Protection Association (OHBPA) - Budget Request:

Dick Cartney, Executive Director of the OHBPA, introduced himself and board members Ron Sutton and Jim Ferguson. Mr. Cartney requested that the Commission grant the OHBPA \$150,000.00 from the purse account to use for their daily operation budget. Mr. Cartney stated that the OHBPA does not charge members association dues or membership fees. Commissioner Johnson questioned Mr. Cartney regarding the scholarship program and how that money is implemented. Mr. Cartney stated that every member, and their children, may apply and receive scholarship funds. For the first year the student receives \$500.00 and, as long as they are enrolled in an approved college curriculum with an acceptable GPA they can apply and receive \$1000.00 the second year, \$1500.00 the third year, \$2000.00 the fourth year and \$2500.00 the fifth year. The program has been extended from 4 years to 5 years. Mr. Cartney stated that they have 3 students currently receiving funds. Ron Sutton stated that the scholarship automatically renews when the students provide acceptable transcripts. Commissioner Robson questioned Mr. Cartney regarding OHBPA membership numbers. Mr. Cartney stated that it fluctuates a little from year to year. Currently, they have approximately 1500 members. Commissioner Robson questioned, with everyone working at raising purse money, why the OHBPA would take money from the purse fund for operations? Also, with a membership of 1,500 is there any future plan to implement a means of raising funds that could be used for operations or purse money? Ron Sutton stated, that the daily operations money has supplied things such as bark chips (footing) for all the walkers that benefit all the horsemen. Things like that and certain occasional repairs to the backside, that all benefit all horsemen. Mr. Cartney stated that they do not see asking for more in the future. Commissioner Dudley questioned the variances in the report as to why the \$13,000.00 was spent on promotions when the estimated budget reflects zero for promotions. Mr. Cartney stated that as a rule the OHBPA does not get involved with promotions. In recent years, the

OHBPA has been asked to participate in some of the promotions such as Jockey Challenge, the Trail Blazer program and some advertising. They felt, as an Association, that it would be in their best interest to participate because they were new and good ideas. This participation will be evaluated as time goes by and results are analyzed. Commissioner Dudley questioned what “industry contributions” represented? Mr. Cartney stated that this isn’t an ongoing expense so it was never included in the budget. This particular \$10,000.00 contribution was donated to Grants Pass for the track surface improvement that was for the benefit of human and equine athlete safety.

Commissioner Dudley questioned what the “backside improvement fund” was for. Mr. Cartney stated there are “things that just need to get done”. There are two older ice machines for the horsemen that need repairs every so often. If a roof leaks it may be repaired from that fund and so on.

Commissioner Huber questioned who is responsible for repairs on the backside, Portland Meadows or the OHBPA? Mr. Cartney stated that if Portland Meadows isn’t able to do a repair in the time frame that will meet the horsemen’s needs then OHBPA will do the repair. Mr. Cartney stated that contractually Portland Meadows is responsible for most of the facility repairs. The OHBPA understands that this is not a perfect world and that sometimes it’s more important to just work together and get things done. “We do what we have to do to keep things going”. Ron Sutton stated that the basic “backside improvement fund” is Portland Meadows’ and they have been good about making repairs to barns and such. Other backside repairs like making sure the café has been serviced to code so certification to operate each season can be obtained is another part of the use of the funds each year. This is the OHBPA’s responsibility. Commissioner Huber questioned Jerry Kohls regarding Portland Meadows’ role in the backside repairs. Mr. Kohls stated that anytime they receive the call that a horse has kicked down a wall or that there is a repair needed they call the maintenance crew to fix it immediately. Commissioner Huber stated that it sounds like it is a good relationship between Portland Meadows and the OHBPA and both parties agreed that it is very good.

Action: Motion to approve OHBPA budget request.

Moved by: Commissioner Johnson

Seconded by: Commissioner Williamson

Vote: 5 Ayes, 0 nays

Oregon Thoroughbred Owners and Breeders Association (OTOBA):

Gay Welliver, President of OTOBA, was present with Wendie Hayes-Pounds, Executive Director to request approval of the OTOBA budget. Ms. Welliver also stated that the HUB fund report that the Commissioners had in front of them detailed the OTOBA budget. Ms. Welliver stated this outline is an estimate of what the OTOBA will be requesting. By statute, they normally request what is needed each year when the OTOBA knows the real numbers (based on the earnings for the year). These numbers do take into consideration an approximate 11% drop in handle. It reflects what they ended the year with and shows anticipated expenses for the upcoming year. Again, these are estimates based on

the money that will come in from the owner's bonus. This money accrues from July 1st thru June 30th. That's what is disbursed. The OTOBA does take a 5% administrative fee. They charge recipients of the funds that are not members a non-member fee. This is all based on Portland Meadows' handle. The OTOBA doesn't take funds from the summer meets as they don't generate a \$150,000.00 handle. This hasn't occurred since the closing of the Salem fair meet. The Oregon bred purse supplement account is administered by Portland Meadows. Ms. Welliver stated that the OTOBA can request funds from that account for operating expenses. They don't plan to do that. It has been very important to the OTOBA to try to put as much money back into the hands of the breeders and owners. Commissioner Dudley questioned Ms. Welliver regarding an explanation of the ORC statutes on the breakage awards and how that gets disbursed. Ms. Welliver explained that Section B has provision for the association to receive funds at 10% of the breakage earnings to award monies for stallion and breeder awards. Ms. Welliver stated that she did not have those notes with her so there may be a couple of other awards they give. Section D of the statute has provision for the association to receive funds for operating expenses. Ms. Welliver stated for clarification, that this being only an estimate of probable numbers that the Commissioners understand that this request may change when the actual numbers come in and, that the OTOBA will come back at that time with the finalized request based on those numbers. Commissioner Dudley agreed that this is the understanding.

Action: Motion to approve the proposed budget for the OTOBA.

Moved by: Commissioner Williamson

Seconded by: Commissioner Dudley

Vote: 5 Ayes, 0 nays

Oregon Quarter Horse Racing Association (OQHRA):

Executive Director Leah Nelson was present to request the approval of the 2010-2011 OQHRA's budget. Ms. Nelson stated that the report provided is the OQHRA's operational budget. The OQHRA's fiscal year begins November 1st and runs thru October 31st. That is what the operational budget is based upon. The OQHRA has two accounts; one is called the trust account. This is the account that supports operational expenses. The other is the OQHRA account. That account is where the money from futurities, derbies, hub funds and source market funds are deposited. It stays separated from the association's operational funds. The association does charge annual membership dues of \$35.00 to all its members. Owners can still race quarter horses without having to be a member of the OQHRA but they would not be able to participate in the derbies and futurities. These membership fees, and a small percentage that is taken from futurity and derby earnings for handling the administrative cost for those races, is where the association's operational funds come from (along with the \$15,000.00 that the OQHRA is requesting from the purse account). Commissioner Dudley questioned Ms. Nelson as to how many members the association has currently. Ms. Nelson stated that the OQHRA has approximately 140 members at this time.

Action: Motion to approve the budget request for the OQHRA.
Moved by: Commissioner Williamson
Seconded by: Commissioner Dudley
Vote: 5 Ayes, 0 nays

Executive Director Randy Evers stated that in the future the ORC will have the associations on the agenda each September, prior to the start of the Portland Meadows race meet, for their budget review and request for approval.

PMG, LLC License Approval:

Gene Chabrier of XpressBet was present to represent Player Management Group, LLC (PMG) a new Advance Deposit Wagering Company for license approval with the Oregon Racing Commission. Mr. Chabrier stated that PMG, LLC is a subsidiary of MI Developments (MID). PMG will act as a concierge service for high end players. The intent will be to provide a higher level of service than the area of general retail offers. Mr. Chabrier stated that MID would like to launch PMG, LLC effective February 1, 2011. The license fee has been adjusted for licensing from February 1, 2011 thru June 30 2011. They will renew in June for a full year at the normal license renewal time.

Commissioner Johnson asked Mr. Chabrier the questions from the due diligence check list. Mr. Chabrier stated that PMG, LLC is in compliance with the check list and their application is complete.

Action: Motion to approve PMG, LLC for licensing.
Moved by: Commissioner Johnson
Seconded by: Commissioner Williamson
Vote: 5 Ayes, 0 nays

Commissioner Robson questioned Hub Manager Audrey Kauffman as to whether she had anything to add. Ms. Kauffman stated that she did recommend PMG, LLC for license approval.

OTOBA - Oregon Championship Day:

Wendie Hayes-Pounds represented the OTOBA to share with the Commissioners how excited she is to report on Oregon Championship Day this year. Ms. Pounds stated that she, the OHBPA and Gay Welliver met with Tribal Counsel of the Confederated Tribes of Grande Ronde to discuss how to work together to develop a sponsorship opportunity for counsel to help the OTOBA with "Oregon Day." While it has not been confirmed as yet, it does look like this may come to pass. It is possible that it won't but "Oregon Day" will continue. The OTOBA will offer 5 stakes class races for that day and will have a stallion season breeding auction. Ms. Pounds stated that the breeding season auction will include breeding opportunities that can be purchased for local stallions as well as some

from back in Kentucky, Florida and other states. There are some very high quality breedings being donated for the benefit of the stallion stakes race. The auction funds received will be applied to the purse money for the stallion stakes race. The winners of the Oregon Day races will reflect Oregon's best "Oregon Bred Thoroughbreds." Ms. Pounds reported that the OHBPA has had some very nice "Fred Stone" prints donated to them and will be offered for sale silent auction style as well. Some of these prints are not in circulation anymore and are part of a collection. Ms. Pounds stated that Oregon Day will also include a very nice variety of vendors showcasing Oregon made products. In addition, the OTOBA is coordinating educational materials for the public to learn about racing, Thoroughbred ownership, etc. Commissioner Dudley questioned how a person who purchases a breeding from a stallion in Kentucky for a mare in Oregon receives it when only live cover is permitted. Ms. Pounds explained that they would ship the Mare to the farm. Also, sometimes people will purchase a mare from a sale like "Keeneland" and have her shipped to the farm, collect the breeding and then have her shipped home to Oregon. Also these breeding purchase opportunities will be offered for sale on the web so that anyone from anywhere can purchase them.

2011 Commission Meeting Dates:

Commissioner Robson stated that he would like to see an estimate of costs to conduct the May or June Commission Meeting at the Eastern Oregon Livestock Show summer race meet held in Union in 2011. The Racing Commission has tried to schedule one meeting each summer at one of the summer race meets and Union is one they have not yet visited. Once the Commissioners have the cost information they will decide if it is beneficial and reasonable to meet at that location. Commissioner Williamson stated that two of the dates for meetings are set on the fourth Thursday of the month. The third Thursday of each month is traditionally scheduled for the ORC meeting. Commissioner Williamson requested that staff try to reschedule those dates to the third Thursday in those months so there is no confusion.

Legislative Update:

Executive Director Randy Evers reminded those present that the ORC has two proposed legislative concepts. Director Evers reported LC597 would implement licensing and regulating for Totalizator companies and LC598 would give the ORC authority by rule to set licensing fees. The process is not completely laid out as yet but is likely to go as follows: Governor Kulingoski has until December 15, 2010 to pre-session file all legislative concepts; Governor-Elect Kitzhaber has until approximately the middle of January 2011 to submit his legislation. Director Evers stated that bill numbers may be assigned some time after December 15, 2010. Chief Counsel Joe O'Leary (who is the ORC advisor) stated that he did not see any issues with our concepts and supports them. Director Evers stated that things are moving in a positive direction. We should see the bills sometime in the first part of January. Commissioner Williamson cautioned that with the difficulty of the new governor getting organized there may be delays. Assistant Attorney General Kelly Gabliks stated that her understanding was the legislature would

come into session the first part of January for three or four days and then recess until February because the law that past last election only allows them so many days to be in session and they will want to be in session when they receive the key revenue forecast.

Medication and Horse Welfare:

Commissioner Huber thanked Chairman Robson for adding Horse Welfare to the new business section of the agenda. Commissioner Huber stated that the Medication and Horse Welfare sub-committee discussed the topic of safety and security of the horses at the summer race meets. There have been a number of safety issues that involve safety for humans, horses and property. The concern is what kind of effort is being made to provide security. Commissioner Huber stated that he would like to make a motion that clearly states what efforts need to be made.

Action: Motion to require Race Meet Applicants to provide a plan that reflects what they will do to provide a level of safety/security that protects horses, people and premises/property as part of their application for license approval.

Moved by: Commissioner Huber

Seconded by: Commissioner Williamson

Vote: 5 Ayes, 0 nays

Information, Materials and Approvals:

None

Contested Cases:

None

Other Business As May Properly Come Before the Commission:

None

Public Comment:

None

Ten Minute Break: Chairman Stan Robson announced a ten minute break.

Mission, Goals and Best Practices:

After the break Director Evers stated that the objective of our Mission, Goals and Best Practices segment is for the Commissioners to have open discussion regarding adding, deleting or changing items that may need updating in these areas.

Commissioner Dudley stated that he would like to separate and identify what should be the mission from initiatives that should be short and long term goals.

The Commission's mission statement adequately covers the broad picture of what we are here to do. Commissioner Huber asked, whether the ORC is responsible for what happens on the track and does the mission statement need to reflect that? Commissioner Huber also inquired whether the ORC is responsible for the safety of how animals are housed at the track and how much they are worked between races and how often they are raced? In other words, is the mission statement so broad that the ORC needs to possibly identify some additional key areas for horse safety? Assistant Attorney General Gabliks stated that the ORC already has in its rules that the state veterinarian must conduct pre-race exams and has the ability to scratch a horse prior to racing. Commissioner Williamson stated that he would like to see language in the mission statement that addresses the ORC's commitment to promote racing and employment, language describing efforts to be of economic value to the state. Commissioner Dudley stated that in the mission statement it says to "facilitate" which means to make easier or less difficult; to help move forward, to assist the progress. To "regulate" means to fix or adjust in accordance with a standard or requirement; to control or direct by a rule. The areas previously discussed, where improvements are desired should be categorized into short term and long term goals and by doing so the commission will be carrying out the ongoing mission. Commissioner Johnson stated that she would like to have the jockeys and horses alike be referred to as "athletes" in what is drafted. There was much open discussion regarding agency goals in all areas. Director Evers stated that he would have staff draft something based on today's discussion for review at the next meeting. All concluded that this would be ideal.

There being no further business, the meeting was adjourned at 3:40 p.m.