

MINUTES

OREGON RACING COMMISSION JULY 15, 1999

The Oregon Racing Commission met on Thursday, July 15, 1999, in Room 140 of the Portland State Office Building located at 800 NE Oregon Street, Portland. The meeting was called to order at 10:30AM for the scheduled hearing. The commission adjourned for lunch and reconvened at 1:30PM for the balance of the meeting. Commissioners in attendance were Steve Walters, Chair; Tom Towslee, Richard Reid and David Price. Vice Chair Laura Fine was excused. Agenda items were discussed in the following order with resulting actions:

1. Approval of June 18, 1999, Minutes

ACTION: MOTION(Reid) Approve minutes as corrected.
VOTE: 4 Aye, 0 Nay, 1 Excused

2. Request from Michael L. Bullene for Reinstatement of License

Investigator Chuck Flores reported Mr. Bullene has done everything the commission and the board of stewards has asked of him and, therefore, recommended that his license be reinstated.

ACTION: MOTION(Reid) Approve request for reinstatement of Mr. Bullene's license subject to the agreement for further testing at the discretion of the board of stewards or designated ORC representative.
VOTE: 4 Aye, 0 Nay, 1 Excused

3. Request from Frank Amato to Have Old Ruling Expunged from His Record

Mr. Amato was present and explained his request to the commission. On behalf of the commission Chair Walters stated the commission does not have the power to expunge a record. Based on advice from counsel, the commission took no action on the request.

4. Multnomah Greyhound Park Update

Carl Wilson began his report by stating they had a great Murray Kemp Classic, with litter mates coming in first and second. They have also switched to racing on Sundays instead of Mondays, which appears to have been a good change in their schedule. The Sunday handles thus far are up 30% over the Monday handles. One problem they do have is an excess number of greyhounds. All kennels showed up with full a compliment of dogs, and track conditions have been so good that they haven't had as many dogs off as in the past due to minor injuries. This has resulted in their having to institute a limitation of grade D and E races. Handle statistics are as follows: Oregon live is down 15%, simulcast horse is up 11% (they are taking more signals), simulcast greyhound is down 14% (they are taking fewer signals), total live is down 9%, total Oregon is down 3%, grand total is down 2%. Attendance figures are down 8% compared to 13% last month.

5. Report Regarding Reconditioning/Resurfacing of New Portland Meadows Race Track

Woody Mitchell reported they are in the process of implementing a three-step program in reconditioning the track surface. First, they needed to reduce the height of the sub base back to the ideal 1" to 2" instead of the 4" which had developed over time. This was done by going over it several times with a disc followed by going over the entire track with a road grader to smooth out the surface. During that process they were pleased to find there were no imperfections in the actual base itself. They then put sand back on and spent a few more hours trying to level out the sand on the track. They will be having deliveries of sand on July 26, 27 and 28 to bring the level up to a 6" to 8" cushion of sand just above the sub base. Their main objective is to make sure they keep the sub base from getting hard. In response to a question from Steve Barham regarding how much extra sand is needed, Mr. Mitchell they would need about 2" of new sand throughout the track. This would have the height of the rail at 40" to 42", which is where they want it to be. Chair Walters complimented NPM and HBPA on their working together to implement the improvements on the track surface.

6. HBPA/OQHRA-Salem Race Meet Update

Glen Knickerbocker, Lone Oak Racing, reported they have a new portable tote board, and the old race office has been replaced with a new one. They are besieged with people and horses, and as a result, have more horses than stalls. Currently they have 440 stalls. They have had an excellent working relationship with Oregon State Fair and the HBPA and OQHRA, and he offered a special thank you to MGP for their financial assistance to HBPA in making sure a race meet was conducted in Salem this year. Discussion followed regarding the steps they had taken to insure the track was in good condition following the monster truck show and demolition derby which were held in front of the grandstand. Mr. Knickerbocker explained the process they followed to clear out the debris on the track.

7. Legislative Update

Steve Barham reported the governor signed HB 3425 on July 12th, and SB 229 has been sent to the governor.

8. Action on Hub Rules Hearing

This is the point at which the commission deliberated on the testimony presented at the hub rules hearing in the morning.

(1) In the Definitions section, Youbet.com proposed some changes which Chair Walters felt were appropriate changes to be made. The changes were adding definitions for "a closed loop subscriber based system" and "foreign jurisdiction".

(2) Under the section Account Wagering Rules Apply, it gets back to the issue discussed with representatives of TVG. The commission has the power and responsibility to set policy for the state of Oregon based on the set of circumstances in the state of Oregon. They did that in the adoption

account wagering rules as they apply to the state of Oregon, and are apparently are the strictest in the country. It is not the commission's responsibility, however, to set public policy for the rest of the states and foreign jurisdictions. It is appropriate to leave the accounts for people living in other states to be consistent with their public policy and not on rules based on circumstances prevailing in Oregon. Chair Walters proposed that the commission make clear account wagering rules as set forth in Division 55 apply to residents of the state of Oregon and that a proposed hub operator address in its operating plan the issue of account wagering requirements for persons who do not reside in Oregon. The commission would review those rules and require justification for standards that were different than what we have adopted in Oregon.

(3) Amend 462-060-010(2) to include language provided by Youbet.com for people whose principal residence is outside the state of Oregon "including foreign jurisdictions".

(4) There are a variety of ways to address certain policy issues. The business plan of one hub operator may be different from another hub operator and that it is hard to judge who has the better approach. There are probably a variety of ways to deal with these concerns. For example, rather than putting into rule any particular provisions for source market compensation, the rule should maybe require that an operating plan address those issues subject to review and approval by the commission. Chair Walters suggested wording for 462-060-020(3) which outlined, at a minimum, the issues to be addressed in the operating plan.

(5) The issue of exclusivity was raised by Youbet.com and Ladbroke in their written testimony in which they suggested the rules should prohibit hubs that had exclusive contracts with racetracks to operate in Oregon. The commission reiterated their position that this is not the proper venue to discuss exclusivity of contracts with individual tracks. Chair Walters added that he doubted that there are substantial antitrust claims here.

(6) OTBA comments regarding breakage. If it's going to be addressed it should probably be a part of the source market distribution.

(7) The last issue raised is whether or not, despite the commission's statutory authority, the commission should for the good of the cause decide to deny all requests and enact no rules and not do what the legislature and the governor gave the commission the statutory authority to do.

ACTION: MOTION(Towslee) Adopt hub rules as revised.

VOTE: 4 Aye, 0 Nay, 1 Excused

9. Update on TVG Background Checks and Action

Background checks have been completed on TVG and applications received on officers of that organization. Included in the commission packets was a report submitted by Chief Investigator Bob Mannix. Steve Barham recommended licensure.

ACTION: MOTION(Reid) Applicants be approved for licensure.

VOTE: 4 Aye, 0 Nay, 1 Excused

Chair Walters stated that completed granting of license of TVG with one exception. The new rules just adopted states the operating plan must include requirements for accounts for residents outside the state of Oregon. That will require an amendment of the operating plan of TVG.

Chair Walters suggested delegating to executive director ability to approve the amendment to the TVG operating plan provided that accounts for residents outside the State of Oregon track the requirements in the proposed amendments to the regulations they submitted to the commission with a proposed minimum account of amount between \$50.00 and \$100.00. If the amount is closer to \$50.00 they should provide detailed justification for setting that particular amount.

ACTION: MOTION(Towslee) Delegate to executive director authority to make necessary amendments to the TVG operating plan as it relates to residents outside of Oregon.

VOTE: 4 Aye, 0 Nay, 1 Excused

There being no further business, the meeting was adjourned.