

MINUTES

OREGON RACING COMMISSION APRIL 22, 2004

The Oregon Racing Commission met on April 22, 2004, at 2:00 p.m. in Room 140 of the Portland State Office Building located at 800 NE Oregon Street, Portland, OR. Commissioners in attendance were Todd Thorne, Acting Chair, Lisa Metcalf, Jeff Gilmour, and newly appointed Commissioner Julianne Davis. Acting Chair Thorne welcomed Ms. Davis to the commission and provided some information on her background. Agenda items were discussed in the following order with resulting actions:

1. Approval March 25, 2004 Minutes

ACTION: MOTION (Metcalf): Minutes are approved as submitted

VOTE: 4 Aye, 0 Nay

2. Josephine County Fair 2004 Race Meet Applications – May 15, 16, 22, 23, 29, 30, 31 and July 2, 3, 4, 5 AND

3. Southern Oregon Horse Racing Assn. 2004 Race Meet Application – June 5, 6, 12, 13, 19, 20, 26, 27

Al Westhoff: There has been one staffing change in the application but all positions are filled. Commissioner Thorne noted that Hub fund allocations are intended to be in addition to the purses allocated by the fairs, but it looks like the Hub funds are the complete purse at JCF. Mr. Westhoff says JCF had not contributed to purses for the last 6 years, nor can they afford to because they are an extended race meet and various insurance costs are very high. Commissioner Thorne acknowledged that the insurance costs are indeed very high, but reminded everyone that regardless of that the Commission expects that at some point Hub funds will only be used as supplements to purses offered by the fairs.

Jodi Hanson recommends approval of all 3 applications associated with this race meet.

ACTION: MOTION (Metcalf): Approve applications as submitted.

VOTE: 4 Aye, 0 Nay

4. Oregon Greyhound Association Proposed Budget for Fiscal Year 2004-05

Dick Gage: On the '04-'05 proposed budget there is a new category under racing. That figure showed percentages in previous years held by Multnomah Kennel Club and paid directly to purses. This year the fund will be going to OGA.

Jodi Hanson requested clarification on the establishment of the new account for the purses. Mr. Gage says the new account has a committee consisting of himself, Tom Weaver, Julie Delkamp (and previously Lynn Stokes). Their purse account is different from a horse purse account because they are paid on what is actually handled and the purses are figured on a points basis, per grade, per race. With that situation they can't run on a deficit, so they only pay money on the funds they actually receive. They have recently reverted to the point system they used in 1991. Assignment of points and dollar value of the points takes place at the committee on a weekly basis and the allocations go into the OGA purse fund. Jodi wanted clarification on how the departure of Lynn Stokes will impact the purse allocations. Mr. Gage says they will have to find someone to replace her to be sure everyone is informed as necessary. Commissioner Thorne asked that Mr. Gage let Jodi know when they have found a replacement.

ACTION: MOTION (Gilmour): Approve budget as submitted.
VOTE: 4 Aye, 0 Nay

5. Oregon Greyhound Breeders' Association 2004-05 Proposed Budget

Vince Bruno: Requests approval of their budget as submitted. Jodi recommends approval.

ACTION: MOTION (Metcalf): Approve budget as submitted.
VOTE: 4 Aye, 0 Nay

6. Supplementary Request by OHBPA for Funding to Simulcast Grants Pass Races

Dick Cartney, OHBPA: Submitted a letter outlining this request. Since the letter was written, they had a Board meeting of the organization. At that meeting they agreed that if there is Hub money available for the simulcasting then they can apply the money allotted for simulcasting to purses instead to allow some sort of stakes schedule or a graduated scale otherwise all races will be for \$2,000.

Commissioner Gilmour requested clarification on the simulcasting process that is being proposed. Mr. Cartney says that the OHBPA is applying for the money for the purpose for covering simulcasting. It will cost \$32,000 to simulcast for the race meet. The signal goes through Multnomah Greyhound Park (MGP) where they take the expenses out and pay for the decoder, and then whatever revenue is left over goes to Grants Pass. Signal originates at Grants Pass and goes to the OTB network which is basically the same network MGP is using but they need separate decoders for the signal. Jeff Grady, MEC Oregon: During Grants Pass races the decoder cost is paid for by the OTB's, MGP, and Portland Meadows. The cost is \$250/month per site for 20 outlets for three months which comes to \$15,000. There is a 5% surcharge on Grants Pass: 3% goes to the OTB operator and 2% goes to JCF. Commissioner Gilmour makes the point that the money goes to JCF, but the OHBPA is the one asking for the funding to cover the simulcasting. In response to a question by Commissioner Gilmour, Mr. Grady recalls that last year \$31,000 was returned to JCF as a profit in simulcasting for their race meet. Commissioner Gilmour notes that \$32,000 was listed in paperwork from Mr. Westhoff as revenue from the simulcasting for last year. Mr. Grady clarified with Mr. Westhoff that the money goes to the fair and not the purses.

Commissioner Gilmour says he thinks that simulcasting is a good idea, but wants to make a relationship to purses. Mr. Cartney argues that the money from simulcasting that comes to the fairs helps with operating costs which allows the OHBPA to supplement purses. If not for money from simulcasting the OHBPA would have to supplement operating costs instead because there just isn't enough money to go around. Historically, before Hub money was available, the OHBPA provided money to JCF to keep the meet running. Mr. Cartney is of the opinion that no race meet of this size will be able to sustain itself without simulcasting money. Commissioner Gilmour clarifies that county fairs that get volunteer labor, work on a different percent and only run a few days should be fine. JCF is, by statute, in a different category because they are not a commercial meet or a county fair per se (one weekend a year). Jeff Grady offered to help Mr. Westhoff signal next year but there is no time this year. They would have to check the statute to see if that is allowed.

Mr. Cartney says the reason they are working with Grants Pass is so the horsemen will have a place to race and to keep the summer fair circuit alive. This directly benefits

Portland Meadows because it keeps horsemen in the business which makes it easier for Portland Meadows to fill their races. The purse amounts are critical because the expenses are so high, especially when traveling to race meets.

Commissioner Thorne wants clarification on where the 2% profit to JCF will be spent. Mr. Cartney says it will go to pay expenses for the fair. Commissioner Thorne asked what would happen if the money were not allocated. Mr. Cartney says without that money the OHBPA would have to supplement the simulcasting instead of supplementing purses, but they can't do both. Mr. Cartney says JCF has to simulcast in order to get enough revenue to be able to keep operating. Mr. Westhoff says that the simulcast revenues are reported on a regular basis and those revenues are incorporated into their operating budget this year. Mr. Cartney also notes that by supplementing the fair the OHBPA also raises their profile with the horsemen. By simulcasting the event horsemen that can't make it to the meet can still see the meet and stay involved.

Commissioner Gilmour presented the current state of the Hub fund account. The intent of the money was to fix some buildings and raise purses in order to help keep people in business. The bad news is that the allocations promised for the '04 year based on what was expected won't match what is coming in. Because of this we will be running a large deficit. Commissioner Gilmour suggests that we allocate the Hub account on a biennial basis instead of an annual basis and continue with granting of requests for the '04 year which would include Mr. Westhoff's dirt and simulcasting at Grants Pass. Commissioner Gilmour made it clear that if the Hub allocations continue this way that there may not be additional Tier 2 grants for the '05 year. The Commission must report in June of 2005 as to how the money was allocated and they do not want to be running a deficit. Allocations for purses have always been expected to be supplements. Commissioner Gilmour feels that community involvement for live racing is the only way to keep horseracing in Oregon. With other states getting into the Hub business there might be no money to allocate down the road so something has to be done. Commissioner Thorne echoes Commissioner Gilmour's comments that these statements must be taken to heart. Jodi Hanson encourages positive promotion of the live racing.

ACTION: MOTION (Gilmour): Allocate \$32,000 to the simulcast for the Grants Pass race
VOTE: 4 Aye, 0 Nay

7. Portland Meadows Race Meet Report

Patrick Kerrigan: So far Portland Meadows has run 77 race dates compared to 78 to date last year. Live numbers are down 9.2% (\$387,890). Export is up 75% (\$7.8 million), simulcast dollars are down 5.4%. With respect to purse totals they are behind last year's number by \$20,834. Purse deficit is \$177,156 and is expected to stay the same, but don't expect it to exceed \$190,000. Jeff Grady notes that he asked not to run the make-up races in January which was intended to "stop the bleeding" but he was denied. Commissioner Gilmour notes that Emerald Downs started running a few days ago and that would impact Portland Meadows. They have two more make up days to run and estimate that if they didn't have to run all 4 days they could have saved \$120,000 in the purse account. Commissioner Thorne acknowledges that this is a problem but the statute is not flexible on the number of racing days required. Mr. Grady says they will have a two-year plan to present but it would require a statute change.

Commissioner Thorne asked Mr. Grady to summarize the progress on track conditions notes in the last meeting. Magna has purchased a grader and is now grading the track

daily which seems to be better. They are offering summer stabling at reduced rates of \$1 per day.

8. Status Report on Conditions Needing to be Met on Multnomah Greyhound Park Race Meet Application

Patrick Kerrigan: All positions are now filled. Commissioner Thorne asked about contractual obligations with the simulcasting signals. Mr. Grady says it is not yet complete, but they are working with Jill Miller to do so and will get information to the Commission as soon as it is available.

9. Confirmation of Next Commission Meeting – May 20, 2004

The next meeting will be held at 1:30 at 800 NE Oregon Street, Portland, Room 140.

There being no further business, the meeting was adjourned.