

MEETING MINUTES

OREGON RACING COMMISSION SPECIAL TELECONFERENCE December 4, 2008

The Oregon Racing Commission met on Thursday, December 4, 2008 at 3:00 pm in Suite 310 of the Portland State Office Building located at 800 NE Oregon Street, Portland, Oregon. Commissioners in attendance via telephone were Chair Kerry Johnson, Vice Chair Stan Robson, Chris Dudley, Michael Huber DVM, and Charles Williamson.

Agenda item: MEC Oregon Racing, Inc. dba Portland Meadows License – Revision of Race Dates

Will Alempijevic, Portland Meadows' General Manager, was present to answer questions. Information and discussions included the following:

Requested approval to amend the current 2008-2009 Portland Meadows Race Meet License by revising the live race dates and post times, as follows:

- Drop the four Sundays in January 09: January 4th, 11th, 18th, and 25th.
- Add four Wednesdays in January 09: January 7th, 14th, 21st, 28th, and four Wednesdays in February 09: February 4th, 11th, 18th and 25th; resulting in an additional four days of racing and 36 live races.
- Beginning Monday, January 5th, 2009, the daily post time would change from 12:35 pm to 12:45 pm.

Portland Meadows had met with the Oregon HBPA in order to obtain their support for the proposed amendments before moving forward with their request to the commission.

OTBs and affiliated betting sites were open on Wednesdays in January and February, but there were only five or six tracks running live races in North America, including Santa Anita and some tracks on the East Coast. If their proposed amendments were approved by the commission, there would be a period of time on those Wednesdays that Portland Meadows and Santa Anita would be the only Thoroughbred tracks running live horseracing in North America. This would provide a phenomenal opportunity for the horse people of Oregon and for Portland Meadows to showcase their product throughout North America and particularly in California.

⇒ In response to Chair Johnson's question, Mr. Alempijevic explained that the local horsemen would not lose any money in the form of purses if they were to change their race days from Sundays to Wednesdays. He stated that the higher export sales as a result of getting new markets on Wednesdays would generate higher purses.

⇒ When Vice Chair Robson asked why they couldn't add Wednesdays,

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and also keep Sundays, Mr. Alempijevic responded that it would be difficult to run four race days over an extended period of time based on the horse and purse supply as well as the local market.

⇒ Commissioner Dudley stated that one of the commission's purposes was to promote and encourage live racing in the State of Oregon. He explained that attendance seemed to be up on Sundays, which was a result of some of Portland Meadows' new promotions that were working well and actually bringing new people out to the track. He stated that Sunday was a day when most people didn't work and there was concern that if they changed from Sundays to Wednesdays, they would limit the exposure of live racing in Oregon and lose the new enthusiastic Sunday crowd that they had worked so hard to bring to the track.

→ Mr. Alempijevic responded that he did not believe the change would cause a negative impact and stated that their current marketing plan would not change. He appreciated the new Sunday crowd, but explained that fans of horse racing tended to be those people who had disposable time and disposable income. He added that the crowds on Mondays and Tuesdays had also increased and he expected to have similar crowds on Wednesdays.

Mr. Alempijevic stated that in 2005 and 2006 when Portland Meadows raced Saturdays, Sundays and Mondays, the average live on-track handle in Oregon was \$38,406. Since they changed to run Sundays, Mondays and Tuesdays, the average live on-track handle in Oregon was \$40,900. He explained that what was making people interested in racing was the pool size, adding that it was the pool size that was paramount to the success of any race track. When the handle went up to half a million and higher, the local bettors were betting more and betting on the Portland Meadows races. He added that they would watch the races at Portland Meadows, sometimes over the races in California, and would actually come out to Portland Meadows on the Monday and Tuesday race days instead of coming out to the track on Wednesday through Sunday.

⇒ In response to Commissioner Huber's questions, Mr. Alempijevic estimated that the crowd was about half the size on Mondays and Tuesdays compared to Sundays' crowds. He explained that while they might only have 50% of the people at the track, the handle was just as strong because the pool sizes were higher on those days as a result of all of the other people that were also betting on Portland Meadows races. He admitted that Portland Meadows didn't have the most glorious product in the nation which made product placement in the national market that much more important. He stated that Portland Meadows didn't just have to compete in the local market against other forms of entertainment, but also had to compete on a national level against other forms of gaming.

Mr. Alempijevic didn't believe that by not having a weekend race day that it would lessen the chances of getting new people interested in

horse racing or bringing new local people to the track. He again referenced the increased handle Portland Meadows' had been experiencing since they changed from a Saturday, Sunday, Monday racing schedule to a Sunday, Monday, and Tuesday racing schedule. He reiterated that they were committed to continuing their current marketing plan and their efforts to gain exposure in the press. Mystacallie, the People's horse, had run on a Monday or Tuesday and they did get people to come out to the track to watch her and had also received press in the paper on those days.

⇒ Vice Chair Robson stated that while he had the same concerns that Commissioner Huber had, after hearing Mr. Alempijevic's presentation and the fact that they had the support of the horsemen, he was in favor of the commission approving their request on a trial basis, adding that the affects of the change could be evaluated afterwards.

⇒ Chair Johnson asked whether the reduction in attendance should be an issue for the commission to address and asked what their role should be as a matter of policy. "Is one of the components of live racing that people show up and watch the races in person?" She explained that she was concerned that not having racing on Sundays could have a long-term negative affect on horse ownership in Oregon. People who worked during the week might be less inclined to own a horse because they couldn't go watch their horse run. She stated that they'd done a great job marketing this product and felt that they were now stepping away from it. She added that she didn't like the idea of losing Sunday racing and would like to see some actual numbers before making a decision on this matter.

⇒ In response to Commissioner Huber's question regarding the Oregon HBPA's decision to support the schedule and the impact it would have, Mr. Dick Cartney, OHBPA Executive Director, explained that while the issue came up too suddenly to poll all of the association members, the board met and discussed the issues. He stated that losing Sundays had been a concern, but the board had to look at the overall, big picture which was the economic benefits. The new schedule would add 36 races to this year's race meet and approximately \$180,000 in purse money. He further explained that racing on Wednesdays would create a lot of new exposure for Portland Meadows in California and in other markets across the country which could have a residual, on-going positive affect as more people became aware of Portland Meadows for the first time. In addition, racing live on Wednesdays could also result in an increase in the simulcast wagering.

Mr. Cartney stated that each horse owner had different circumstances and some couldn't make it to the races during the week, but that they recognized that going into the industry. Most owners, he added, managed to get to the track.

⇒ Commissioner Huber stated he was concerned that the schedule

change would limit the type of individual who was able to attend the races by taking the weekend out of it. He explained that by not getting a good cross section of the general public, it would limit the amount of support they'd receive from the public in the event that any negative issues came up about horse racing.

→ Mr. Alempijevic responded by reiterating that two years ago, the level of handle in 05-06 was not sustainable. Last year, Portland Meadows had its first million dollar day and awareness in both the local and national markets had grown. He explained that according to the customers that he had spoken to at the track on Mondays and Tuesdays, a lot of them worked in the service industry and worked on the weekends. He also pointed out that there were two Monday holidays, one in January and one in February, when Portland Meadows would have live racing.

Commissioner Huber stated the issue was important enough, with support on both sides, that more time was needed before making a decision. He suggested that more information, perhaps polling the association members, needed to be provided to the commissioners to ensure that they were fulfilling the commission's mission.

⇒ Vice Chair Robson stated that while they all recognized the biggest income, whether for the state or the horsemen, did not come from people showing up at the track, they still wanted to continue to develop that opportunity. He explained that the one or two or even three hundred more people at the track on a Sunday compared to a Wednesday needed to be considered, but they also had a responsibility to promote racing to the over three million people in Oregon. These extra races on Wednesdays had the potential to do that and he reiterated his desire to try out the new schedule.

⇒ Commissioner Williamson stated that they, commissioners, were not in the business and felt that they should give the people in the industry, the track and the horsemen, the benefit of the doubt.

ACTION: MOTION (Williamson) Approve application amending the race dates.

VOTE: 3 Aye, 2 Nay, as follows: Dudley: Aye
Huber: Nay
Johnson: Nay
Robson: Aye
Williamson: Aye

There being no further business, the meeting was adjourned.