

MINUTES

OREGON RACING COMMISSION FEBRUARY 20, 2003

The Oregon Racing Commission met on Thursday, February 20, 2003, at 1:30 p.m. in Room 140 of the Portland State Office Building located at 800 NE Oregon Street, Portland, OR. Commissioners in attendance were Steve Walters, Chair; Tom Towslee, Vice Chair; Lisa Metcalf, and Jeff Gilmour. Todd Thorne was present via telephone for discussion and action on the first agenda item and was then excused for the balance of the meeting. After calling the meeting to order, Chair Walters announced the commission would go immediately into executive session in the ORC office to discuss personnel matters relating to the selection of a new executive director and that they would take no action during that time. Agenda items were discussed in the following order with resulting actions:

1. Action on Selection of New Executive Director

Chair Walters stated the commission was back in public session and that no action was taken during executive session.

ACTION: MOTION(Thorne) Approve hiring Jodi Hanson as the new executive director of the Oregon Racing Commission.

VOTE: 5 Aye, 0 Nay

Following the vote Chair Walters thanked everyone who participated in the process, especially members of the industry and ORC staff who participated in the interviews of the three final candidates. The candidate pool was comprised of individuals with and without racing backgrounds, and as the process went on the search committee and then the full commission concluded their responsibility was to pick the candidate who was best suited to being a leader of this agency not just in the short term but for a long time in the future. The commission is confident they have selected the person who is best suited to lead this agency and to participate in helping this industry move forward in Oregon.

(Commissioner Thorne was excused for the balance of the meeting)

2. Approval of January 16, 2003, Minutes

ACTION: MOTION(Gilmour) Approve minutes as submitted

VOTE: 4 Aye, 0 Nay, 1 Excused

3. Approval of February 7, 2003, Minutes

ACTION: MOTION(Gilmour) Approve minutes as submitted

VOTE: 4 Aye, 0 Nay, 1 Excused

4. Crooked River Roundup Association 2003 Race Dates Request - July 9, 10, 11 and 12

ACTION: MOTION(Metcalf) Approve 2003 race dates request submitted by Crooked River Roundup Association subject to timely submission of an application for issuance of a race meet license and approval of that application by the commission.

VOTE: 4 Aye, 0 Nay, 1 Excused

5. Tillamook County Fair 2003 Race Meet Application - August 7, 8 and 9

ACTION: MOTION(Towslee) Approve the race meet application and delegate authority to the executive director to approve additions and any additions or changes in race meet officials.

VOTE: 4 Aye, 0 Nay, 1 Excused

6. Multnomah Greyhound Park 2003 Race Meet Application - May 2 through October 11

Art McFadden was present to answer questions as best he could, stating the application was prepared by Chris Dragone who had planned on being present for the meeting but was unable to attend. Chair Walters had questions about the bond amount of \$225,000 and the projected handle. He also wanted to know what the Euro Off-Track and the Texas Hub, who received the MGP signal in 2002, were. Chair Walters was concerned as to whether or not these facilities were licensed and regulated by the states in which they conduct their business. Mr. McFadden stated he would get back to him with responses to his questions. In response to a question from Chair Walters regarding the status of a contract with the OGA, Julie Delkamp, Racing Secretary, reported MGP and the OGA are currently in negotiations but she did not believe a contract had been signed as yet. Vice Chair Towslee raised a question which resulted in discussion about whether or not the track has any set criteria off-track sites need to meet in order to continue as off-track sites.

ACTION: MOTION(Gilmour) Approve the race meet application subject to completion of a purse agreement with the OGA and delegate authority to the executive director to approve requests to add live performances, any performance more than fourteen races, officials yet to be name, changes to the wagering menu, any specific races other than those listed in the application, contracts for imported and exported simulcast signals, and changes in menu of off-track sites.

VOTE: 4 Aye, 0 Nay, 1 Excused

7. Portland Meadows Update

Scott Daruty, Magna Entertainment, reported on the transaction wherein they signed an agreement with Tom Moyer to purchase the long-term operating rights to the racetrack as well as an interest in the underlying real estate. While the transaction has not yet closed, Mr. Daruty stated it is expected to be finalized early in the second quarter of this year and will give more certainty to the long-term health and growth of the industry. Mr. Daruty also commented that Magna sees a great deal of potential here in Oregon and that they really want to start focusing on those areas now that the long-term location has been resolved. Chair Walters stated this was very exciting news to have this stability brought to racing in Oregon and with Magna showing its commitment to Oregon that hopefully we're in a position to move forward. Vice Chair Towslee asked how the sewer system was holding up given the amount of rain we've had. There have been three overflow events since the system was installed which were not unexpected, and they have done some modifications to the system that will, if not completely prevent them, at least will greatly reduce the number of times they occur in the future.

Art McFadden reported the live handled is down 42% compared to being down 68% last month. He reminded the commission that last year the handle at this time in their season was their final two weekends of racing, there were fourteen races on each card, and everyone was wagering on the live and simulcast races. The export signals continue to improve in handle.

They are now on a cumulative basis and are up 10% on the live racing, exports are up 42% and simulcasting is down 3.5%. Mr. McFadden reported Portland Meadows will be open this summer for stabling. The quarter horse races have been placed in a different position on the card on Friday evenings. They are now at the end of the card instead of the beginning of the card. This change has resulted in increased wagering on their exported signal especially from Los Alamitos and the east coast.

8. Distribution of Second Tier Hub Funds

Vice Chair Towslee summarized the process put in place to determine the use of hub funds over and above the funds already allocated for purse supplements and the jockey incentive program. He went through the listing of requests received which totaled \$686,000. Since the commission will not be able to fund all of that amount, the committee, comprised of Commissioners Towslee and Gilmour, recommended funding of most of the projects for the summer race meets. He went on to explain how they were recommending the funds be distributed and the rationale behind those recommendations. Vice Chair Towslee stated the account continues to accumulate money and he was hopeful the commission would make a commitment today to sometime this summer take another look at the account and another look at the outstanding requests not funded at this time with the idea of funding those and that the process for next year, 2004, will begin again in September. He reminded people that these funds are public funds and that recipients will have to provide an accounting of expenditures of the funds to the commission. Commissioner Gilmour added that for those organizations who submitted requests that were not funded and are eligible for further distribution of funds, if there is some clarification that those applicants would like to submit that that would be appropriate. He was not suggesting submitting a new request but further definition would probably help the commission arrive at a rightful decision on the second round of this biennium's disbursements. To clarify, Chair Walters was of the understanding that with respect to the conservative projections that the committee has done and if the trends continue to exceed those projections that the committee was requesting the commission basically commit that money today for funding further requests.

ACTION: MOTION(Gilmour) Approve disbursement of hub funds as proposed by the committee which includes a commitment of any future balances in this biennium for funding applications which have already been submitted but not funded in the first round.

VOTE: 4 Aye, 0 Nay, 1 Excused

9. HBPA Request to Discuss Windows Dates for Portland Meadows 2003-2004 Racing Season

Dick Cartney stated they have had several meetings with track management regarding this issue. The HBPA is asking Portland Meadows to amend their windows of operation from what they originally requested. This is basically a simulcasting window issue. Chair Walters suggested waiting until a race meet application has been received from Portland Meadows for 2003-2004 and deal with this concern as a part of approval process if it is still an issue.

10. Confirmation of Next Commission Meeting - March 20, 2003

The date was okay for all commissioners present.

11. Proposed Order on Dennis Lee Wilson

Raul Ramirez stated that if the commission were in agreement with what the proposed order contains, he would change the format from a proposed order to a final order for signature by a commissioner or the executive director. He did bring to the attention of the commission correspondence received from Mr. Wilson and suggested the commission consider it as written exceptions to the proposed order. Mr. Ramirez recommended that their response to the written exceptions be incorporated into the final order.

ACTION: MOTION(Towslee) Adopt the terms of the proposed order as the final order and that the commission's response to the written exceptions be incorporated into the final subject to the approval of a final draft by the chair of the commission.

VOTE: 4 Aye, 0 Nay, 1 Excused

12. Discussion on Location of June Commission Meeting

Chair Walters stated traditionally the June meeting has been held in Grants Pass and that it has been difficult getting a full set of commissioners present at the meeting. Following discussion on several potential options, it was the consensus of the commission that the meeting be held in Grants Pass on June 20 in the afternoon. It was suggested to change the 2004 date to the second week in June instead of the third.

13. Proposed 2005 Meeting Dates

ACTION: MOTION(Gilmour) Approve proposed meeting dates, however, consider moving the June 2005 date in Grants Pass to the second week in the month instead of the third.

VOTE: 4 Aye, 0 Nay, 1 Excused

14. Request by MEC Oregon Racing, Inc. and MKC Acquisition Co. to Institute Rulemaking on New Form of Off-Track Wager

Chair Walters stated this was in connection with a formal request by MEC Oregon Racing, Inc. and MKC Acquisition Co. to institute rulemaking on a new form of off-track wager. Specifically it is a wager which goes by the popular name of Instant Racing and is now being used very successfully at Oaklawn. There are issues as to whether it is actually pari-mutuel wagering and whether it is legal in Oregon. Some of the commissioners along with Steve Roden have seen a demonstration of the game and in Chair Walter's view it is pari-mutuel and it is legal. Vice Chair Towslee suggested that a presentation also be made to interested members of the industry, to which Scott Daruty stated they would be more than willing such a presentation.

ACTION: MOTION(Gilmour) Begin the rulemaking process for this proposed rule.

VOTE: 4 Aye, 0 Nay, 1 Excused

There being no further business, the meeting was adjourned.