

MINUTES

OREGON RACING COMMISSION

August 18, 2005

The Oregon Racing Commission met on Thursday August 18, 2005, at 1:30 p.m. in Room 140, 800 NE Oregon Street, Portland, OR. Commissioners in attendance were Chair Steve Walters, Lisa Metcalf, Jeff Gilmour, Todd Thorne and Julianne Davis. Agenda items were discussed in the following order with resulting actions:

1. Approval of July 21, 2005, Minutes

ACTION: MOTION (Metcalf) Approve minutes as submitted.

VOTE: 5 Aye, 0 Nay

2. OTOBA Request for Approval of 2005-06 Fiscal Budget

Ursula Gibbons was present to answer questions. Jodi Hanson recommended approval.

ACTION: MOTION(Gilmour) Approve the OTOBA 2005-06 fiscal budget

VOTE: 5 Aye, 0 Nay

3. Request from Eastern Oregon Livestock Show for No Compete Race Dates Josephine County Fair Request to Address the No Compete Race Dates Issue

Following is a transcript of this agenda item:

Walters: Is there anyone here from Eastern Oregon Livestock Show? There is Item #11 on the agenda is Josephine County Fair Request to Address the No Compete Race Dates Issue and I know that there is somebody here from Josephine County Fair and SOHRA. Why don't you come on up and identify yourself for the record. We do have the letter and the letters that were sent.

Lowe: Rod Lowe representing Josephine County Fairgrounds and Southern Oregon Horse Racing Association. As you know we sent a package to the commission that I believe everybody has. It's fairly self-explanatory. Our issues are, of course, that it could be devastating to Grants Pass to try to shut down for two days in the middle of our race meet. There's letters that we've sent in the past and we sent copies of them in this package that also refer to the cost that would cost us to shut down for that period of time. There are a couple of issues that we would also lose. I think, if you remember right, we had the first year of mule racing at Grants Pass Downs and it was very successful, and that was those dates that Union ran. That's the only dates that the mule association has to run and so I know that we'd lose the mules which I thought we were trying build up a racing atmosphere that we could all enjoy. Our concern is that the Fair Board, the dollars that were generated by losing \$12,000 during a shut-down would probably close Grants Pass Downs because of that. There would have to be a final Board decision made but that's their attitude right now that they could not absorb those extra costs during that period of time. So, I am concerned about that. We're trying to keep the horse racing alive down there in Southern Oregon. Horse racing as well as HBPA has been supplementing that race meet to try to keep it going, and I know we're out of funds as far as SOHRA is concerned and I know the HBPA is low on funds because of it. So, I would just ask that we maintain the race meet as it has been – a continuous 16 to 20 day meet – and that we could continue horse racing at Grants Pass in the future.

Walters: Rod, how long has Josephine County Fair/SOHRA run on this continuous meet through these dates?

Lowe: Since the beginning, forty plus years that Grants Pass and Union have been running the same dates.

Walters: I take it that given your apparent age you don't remember which one came first.

Lowe: No, I certainly don't.

Walters: I don't know if there's anyone here who does.

Lowe: I don't know. All I know it's been forty to fifty years that these two meets have always run, they've always competed as far as the dates competed. We don't feel like it's an issue with competing against each other in the fact that it's a whole different set of trainers, it's a whole different set horses, it's a whole different set of jockeys to be honest with you. We had some jockeys go this year because of the incentive program that kind of almost forced them to go there if they wanted to get the biggest piece of the pie as they could as far as the jockeys. I've talked to a few jockeys, we have one here, that in their opinion they would not go there if they weren't almost forced to go there. That's because they travel with their own people and we have our jockeys and they have their jockeys and they wouldn't have taken that meet.

Walters: Rod, elaborate for me a little bit on what you said about different trainers, different horses. Where do the horses that run at Union typically come from as opposed to those at Grants Pass?

Lowe: My understanding it's called a Blue Mountain Circuit. That's where those horses usually come from which is a Washington circuit. Those horses come from that circuit down to the Union race meet and those people don't come down to Grants Pass to run. They go on from there and they usually go to places like Boise or something like that after they're done with Union. It's never been an issue. We're not taking horses or trainers from Union by running at the same time. It's always been two separate meets.

Walters: And how about horses and trainers from Grants Pass. Do any of them go up there?

Lowe: None that I know of, no.

Walters: Are there any other questions of Rod on this subject?

Gilmour: I don't have a direct question of Rod, but with changes of pari-mutuel commercial licenses, our staff has had some massive reductions. One of the problems that we were concerned about this last year was the spreading of the staff, particularly since it was a decision that we would hire a racing secretary for the non-commercial meets. What's your opinion, Rod, of what happened during that period this time?

Lowe: I thought it went very well. We had a lady in there the whole race meet that was our racing secretary the year before that also was with Jack Palmer while the meet was going on. When Jack left to go to Union to do that, she just picked up right where he was and, to be honest, it went very well.

Gilmour: From that standpoint you thought, that's what my question was, you thought that the consistency carried through and you weren't hurt by that.

Lowe: Absolutely.

Walters: Any other questions of Rod? I am going to ask our executive director address the issues of the effect on staffing and management of overlapping race meets.

Lowe: I'd just like to make one more comment. In the package I think one of the issues has been besides the commission's issues was jockeys. That was one of the issues as far as that goes. In your packet it shows the results of the races for Friday, Saturday and Sunday. They have a seven horse gate, they ran seven horse fields on both Saturday and Sunday. In this packet it shows seven horse fields on Saturday and Sunday. It didn't show in results it didn't show any scratches or anything because of lack of jockeys.

Walters: In their letter to us dated August 8th they did make the statement that they had to scratch horses due to lack of jockeys, and I take it you don't know the basis for that statement.

Lowe: I do not because all I see are the results that show that they ran seven horse fields on some of those races. If it's a matter of a jockey not riding a race, we scratch horses because jockeys say I'm not going to ride that race. Some jockeys say I'm not going to pick up that mount for a Quarter Horse because I'll ride a Thoroughbred instead. There are scratches because of jockeys not riding races and it might be because of injury, it might be because they choose not to ride a race, so it can happen at any race meet.

Walters: Any other questions of Rod? Thanks, Rod. Before we ask our executive director to speak on the effect on our staffing, Dick Cartney if you wouldn't mind coming up here please, I'm interested in the comments Rod made about where the horses come from at Union as opposed to Grants Pass and the trainers and the owners and that type of thing, if you can shed any light on that.

Cartney: Dick Cartney, Oregon HBPA executive director. Basically I pretty much agree with just about everything that Rod had to say. From my experience I think that very few horsemen come from our area to race at Union. I looked back for last year and I think we had one trainer that I could find. Bruno Malfaet took some horses over there and raced for the three day meet at Union, but other than that I couldn't really identify anybody that came from the Portland

area or even Grants Pass area to race at Union. I agree with Rod in I think that most of the horses that at Union primarily come from the Western Washington fair circuit, Walla Walla, Dayton, Waitsburg, that circuit in there. Some of those folks after Union's over, I know there are some folks over there that will race at Union and then after they're over or after one of the other fair meets in Washington is over will come maybe to Grants Pass. But they'll stay there rather come to Grants Pass during the Union meet. The rider issue I agree with Rod. It's a little bit of an issue everywhere. I think the results from last year show that they had, obviously, enough horses to run, enough riders there to run seven horse fields, but at times I think we've all run into that problem. Grants Pass, I know when we were running Salem, we had problems there. It's just a little bit of a shortage of riders for the smaller places.

Walters: In terms of where the jockeys tend to come for the Union meet, do most of them come from the Blue Mountain Circuit or where? Obviously there's some overlap as Rod said we make them if they want to qualify for the incentive did this year.

Cartney: I went back and looked and I found like about five or six riders from Grants Pass that went over there and raced on Friday to stay eligible for the Jockey Incentive Program. After that I think there was only one or two from our area that raced over there, and most of them come from the Blue Mountain Circuit or from the Boise area or some other part of that neck of the woods. I didn't see anybody else leaving from Grants Pass to go over there and ride.

Walters: To put you on the spot a little bit, if your were faced with a decision about what was in the best interests of the racing industry in Oregon, which would you say has the bigger impact on the racing industry in Oregon. If running a couple days at Grants Pass rather than shutting down in the middle of the meet or running Union.

Cartney: Well, I think as Rod mentioned if they're in a position where they're not going to be able to race if they have to shut down, obviously losing a 16 day plus race meet, I mean I know just the numbers roughly from last year. I think I wrote some numbers down – it's like Grants Pass ran 16 days approximately 159 races and they offered over \$370,000 in purses compared to a 3 day meet at Union where they ran 24 races and about \$55,000 in purses. So, the economic impact between the two meets is huge. As far as shutting down for two days, there's some impact there on horsemen when they have to lose a weekend of racing and they didn't get their horse in one week and then they shut down the next week they could potentially be sitting for as long as maybe three weeks without being able to race. That's pretty hard to do for particularly people racing on the summer fair circuit where they pretty much need to depend on keeping those horses running so they can keep their income going and be able to feed themselves and their horses.

Walters: Any other questions of Dick? Thank you both, gentlemen. Jodi, could you talk to us a little bit about, well, just anything you have to say on this issue including the effect on the staff and our ability in this brave new world to effectively staff two race meets at the same time.

Hanson: Certainly. I guess in looking at the big picture as a regulator and also in the best interests of racing, you know we look at the mission of the commission and we want to achieve that mission, and also promoting and achieving fair and consistent regulatory practices, and I've been preaching that a lot since I've been here, and especially in the last year I think we've made some really great strides towards trying to be consistent in everything we do. Along with that came the racing secretary that we paid for this year out of our budget which we will not be able to do next year, with the jockey incentive program as well trying to get enough jockeys to ride at these race meets has been a real bonus from everything that I've heard. When it comes to the staff issue, we absolutely cannot have an overlap of Union and Grants Pass, whether Grants Pass doesn't run or Union doesn't run at the same time, it just can't happen. I am keeping track of the staffing situation as far as the fact that we only have one licensing person now instead of our combo licensing/auditor specialist that went out on the summer fair circuit. So, our licensing specialist has been on the summer fair circuit, we've been trying to get him at Portland Meadows to do some licensing there so he's been working a lot of extra time. We have Jill Miller, our pari-mutuel auditor, who is doing all of the auditing including the summer fairs and is pulling double time. One of our biggest problems is our veterinary situation. At Grants Pass this year we had anticipated contracting with Stacy Katler who has worked with us in the past, and at the short notice of having her come and work with us because the person that normally covers Grants Pass was unable to do it, it was going to cost us in excess of \$6,000 just for that position. What happened was Heidi in Grants Pass did change her schedule around and we paid her a little bit more money and so we were covered that way. But the veterinary issue is a really big deal, and without a vet there's not going to be any race meet happening. It's very hard to find a vet. My other concern I guess to when it comes to staff is the investigators as well. The way that we were set up before even with the greyhound park racing there was enough overlap back and forth to make sure everything was covered. We have more than half of our responsibilities yet we've kind of lost half of our resources, so it is an issue. I just don't anticipate that there's anyway that we can do it. I know that it's a change. We can't always do everything the way it is. There is this component that I know people aren't looking at probably because they're not the regulating body but it just can't happen.

Walters: Do you have any thoughts or opinions or recommendations about this issue beyond the issue of the staffing?

Hanson: My other concern, too, is, well this is staffing too, I guess. The racing secretary, you know I heard the comments by Mr. Lowe but I heard contrary to those comments that the fact that Mr. Palmer left Grants Pass and went to Union kind of created problems because although the person there was competent obviously, also did the Equibase or the Truform work and wasn't always there and available when needed as well as the fact that we didn't have a licensing person there at all during that time. We had an investigator taking tailgate licenses and did a great job, but it was a problem. As far as the jockeys coming from where they're coming from, yes there were scratches at Union from the jockeys. A lot of them did come from Idaho and the Blue Mountain Circuit. We had some issues involving substances that we tested for that knocked out a couple of them, and then there were some injuries there this year as well, so the jockeys were real thin at Union because they wanted to get back and ride at Grants Pass. I think the Jockey Incentive Program is a great thing that we don't want to lose, so it's a balance act, but somebody isn't going to be able to run. So, my recommendation really would be just if you decide to implement a policy stating that there just can't be an overlap that would be wonderful. Also, I know as far as Grants Pass and the 4th of July next is concerned, Prineville is also going to be running right at that time.

Walters: Well, they've asked to run.

Hanson: They've asked to run.

Walters: We haven't granted them that either.

Hanson: Thank you, yes, because my recommendation would be to not approve any dates at all. Let everybody work out their issues and then deal with the applications when they come in in January. Again, that's another issue as far as staffing goes. We spend a lot of money trying to make sure that these are regulated fairly and consistently and our staff does a good job, but we're limited.

Walters: Questions of Jodi by members of the commission? It was pointed out that Twyla, did you want to...?

Beckner: I just had some questions to add.

Walters: It was pointed out that you were here and if you do you need to come up and identify yourself and all that sort of thing.

Beckner: I'm Twyla Beckner. As a jockey the rider incentive is the reason I went to Union. I enjoyed it but I would not go there again if there was not an incentive primarily because that is right, most of the horses that I ride for are in Grants Pass. It's hard on the riders, it really is, to have to go back and forth to both of the meets. And there were a lot of injuries this year at Union so that made it hard to fill.

Walters: Did you ride all three days?

Beckner: No.

Walters: You just rode Friday.

Beckner: I just rode Friday.

Walters: Were there many folks who went up from Grants Pass to ride Friday...

Beckner: Yes

Walters: ...just because of the incentive program?

Beckner: There were about five or six. You know, they went clear over there just to ride one horse, a couple of them. So, does it pencil out? Yeah, in the long run if they don't get hurt and they're riding at all of the other meets, then it does pencil out. But there's just a shortage of jockeys and that's the biggest thing along with the shortage of horses.

Walters: Is there sort of a separate jockey colony that comes to Union from the Blue Mountain Circuit or wherever?

Beckner: Yeah, I believe there is. Some of the jockeys that we rode with there I don't know where they came from, Montana or just out of the woodwork, they just kind of came to the smaller meets. It's fun, it's bushy. I mean it's really bushy. It takes a different kind of jock to just get out there and go. Part of me thought Grants Pass, that weekend off at Grants Pass would be okay because there weren't very many horses at Grants Pass. It seems like there's kind of a shortage of horses and then we fill races the next weekend after Union if we had Union off. But if it doesn't pencil out, if Grants Pass is taking such a loss by not having races, it's not really worth it.

Walters: Thank you.

Davis: I have a question. If these meets were not run concurrently, would you ride both of them?

Walters: She would if the Jockey Incentive Program told her to.

Beckner: If the incentive was there and it worked out best for me, I mean not to sound that way but yet I wouldn't, I've never been to Union before this and like I said it went good this year but I don't know.

Walters: This is the first year the incentive program said you had to ride at all five race meets in order to qualify. In the past it's been four out of five and Union has tended to be the one folks don't ride.

Beckner: Yeah, because it overlaps. Union and Burns, and Burns is a long ways away. And that, too, draws riders from the Blue Mountain Circuit and Montana and Boise when Boise was done running. A lot of those people didn't even run at Grants Pass. I think one year before they had the incentive there was only about two jockeys, one jockey, gallop boys were jockeys, so I know the program does work.

Walters: Any other questions of Twyla? Thank you very much. We appreciate you coming. Anyone else like to speak to this issue? Dave?

Benson: Chairman Walters, members of the commission, I'm Dave Benson, president of the Oregon HBPA. This is spur of the moment. I wasn't aware that it was going to be discussed in this nature, but as you're aware the HBPA does represent the owners and trainers racing Thoroughbred horses in the state of Oregon. I'm just very concerned here from what I'm hearing the possibility that we may lose the second largest race meet we have in the state of Oregon at Grants Pass because of the necessity to cause a break in the season by running two meets at Union. The livelihood of the people from Oregon that are competing depend on Grants Pass and depend on those 16, 18, 20 days that they run. To shut down that meet in favor of a meet over at Union that probably you're talking I heard the handle roughly \$50,000 or \$55,000...

Walters: That was purses.

Benson: ...purses which I'm going to guess without having any knowledge I'm going to say probably 95% or 99% of that went out of the state of Oregon to owners from Washington or Idaho. I spoke just a month ago with Sam Stevenson the president of the Idaho HBPA. Several of his people from Idaho were over and running at Union. He made that comment to me. But that money went to owners and trainers from states other than Oregon, it went to jockeys other than Oregon and it just seems to me that this commission and whatever decision you make, you have to look at the economy of Oregon and the livelihood of our people and the livelihood of our meet, number one, more so than one meet versus another meet. That's my concern and I felt that it was just something that you really have to look at. I know it's a tough decision if we have only enough money to run one meet, but it's still the livelihood of Oregon owners and trainers that you're talking about versus owners and trainers from another state.

Walters: Thank you, Dave. Any questions of Dave? Thanks. I was going to ask if the Quarter Horse folks had a piece of this fight.

Nelson: Chair Walters, members of the commission, for the record I'm Dave Nelson. I'm a member of the board of directors of the Oregon Quarter Horse Racing Association and have been a member of that board since probably too long, the late 1960s, and tried to race Quarter Horses since 1966 or 7 somewhere in there, and I've been running in Oregon consistently since then and I've never raced a horse at Union. We have always concentrated on Grants Pass. I think the Quarter Horse industry concentrates on Grants Pass because the two main meets in Oregon for Quarter Horse racing are Portland Meadows and Grants Pass. Quite a few folks do go to Prineville. Union has always been kind of a fun meet for the people in the Waitsburg, Dayton, Kennewick, Walla Walla circuit. John Leonard and Don Young from Baker City, Baker Valley, while they wouldn't go to Grants Pass always kind of hauled over to Union because it's next door and raced a horse there and had a lot of fun doing it. I think there is an opportunity. We used to have race meets, a fairly consist little pattern. Grants Pass and Union have always overlapped, but folks went from Grants Pass to Prineville and then they went to Klamath Falls and then they went to Tillamook and then to the State Fair and so on. We've lost Klamath Falls and the State Fair. I think that also gives you an opportunity as a commission to take a look at working with the Union people and saying look, there's an opportunity in late July or early August for you to run your race meet then, and then you wouldn't be overlapping and we could save both meets and not have the inconvenience of the loss of economic opportunity at Grants Pass that we would have with closing the place down for a two-week period by closing one week in the middle of that. I think what you do if you make that kind of a dramatic change and lose that racing opportunity it's just a subtle encouragement for our trainers to go to Montana or to go to Los Alamitos or go to the Northern California Fairs and race down there where they have greater opportunity or opportunities. It's just another rock in the pile as a negative to take their horses to Grants Pass. I know at the last meeting the Quarter Horse Association board did vote unanimously to support a continuous meet at Grants Pass. We don't want that to be reflected in the record as being at all opposed to Union

because we want every meet in the state to be successful, but I think it's worthwhile taking a look at encouraging the Union people to relook at their scheduling and see if there's an opportunity in late July that they could plug it in after the Prineville meet.

Walters: Thanks, Dave. Any questions of Dave? Thank you very much. Anyone else care to address this issue? Comments by members of the commission. What do you want to do about this? Well, the request we have is by Eastern Oregon Livestock Show to grant them those dates with no competition from Grants Pass. That's what they have requested, and obviously the options we are to grant their request; a second option would be to say that yes, there will be no overlap and that's because Grants Pass is going to run the whole time and Union's going to have to find another slot, or we could say there will continue to be an overlap.

Gilmour: I'm not willing to grant Eastern Oregon Livestock Show the exclusivity, that's number one. Number two is that I think there needs to be some certainty in Grants Pass and I would hate to see, at least at this time, I guess the bottom line is that we're up against I believe a statute also that does strongly suggest that we don't have competition. So, I for one at this time am not willing to grant Eastern Oregon their exclusivity, number one. Number two is tradition for as long as they've been doing things is really hard to change, and I think suggesting to Nate at Eastern Oregon that maybe they ought to move to a different venue as far as months might be quite difficult for them to do.

Thorne: For more than one reason, actually, because they correspond their race meet with a PRCA sanctioned event that they have to put in for dates as well, so they'd have to make a decision. I agree with Jeff. Number one I don't think we can overlap at all anymore just based on staffing. I don't think that makes sense. So, then you're left with a decision that's basically an economic one, and in my mind I can't grant Eastern Oregon Livestock Show the dates based on that. That would be my thoughts.

Walters: Other thoughts, comments?

Davis: The other thing is I know we looked at this earlier this spring, but there is a provision in the rules that provides there should not be any competing meets. I have to concur with the other comments here that I don't want to something that's going to jeopardize the second largest meet in the state of Oregon. If there's a way to work around it, I would prefer that approach, and I am not willing to grant Eastern Oregon Livestock Show exclusivity on those dates. I know it's tough because these meets have run concurrently for forty plus years, but when it comes down to it this commission is to do what's best for the industry as a whole, and I don't want to interrupt the Grants Pass meet for that reason.

Walters: Commissioner Metcalf.

Metcalf: I'm in agreement with my fellow commissioners here. I think it's unfortunate that this issue has come before commission and couldn't be worked out before it came before the commission. I don't feel we really have a choice here. The economic restraints that have been imposed upon all of racing in Oregon leaves us no choice but to continue with the Grants Pass meet and to request that the Eastern Oregon apply for other dates.

Walters: Well, it's unanimous on that score. I just hate the thought of saying to Eastern Oregon which is a race meet that has run for many, many years, certainly as long as I have been on the commission and even before that, if you can believe it, and that apparently they do a great job and it's been getting better. But, I think having a break in the Grants Pass meet would be economically devastating to that meet. I have to also say every year that I've been on the commission someone from Josephine County, who will go unnamed, has said this year we won't run if we don't get... But, whether that's true or not I don't think that we ought to impose that sort of economic burden on the Grants Pass meet. It is a very important meet, and looking at the overall welfare of racing in Oregon I don't think we should force them to shut down, and I am very, very confident in our executive director's observation that we can't regulate two race meets at once now in the state of Oregon because of these economic constraints on this commission. That's the one thing that has changed in the last year that forces us to a decision. In the past we had the ability and we were able to do it, so it didn't really become an issue. It's been forced in my mind because of the money available to regulate, so I would concur that it's not a matter of giving the dates to Grants Pass. We don't really have an application for them or a request for them, but I do think that certainty is important for Grants Pass and also for Eastern Oregon. I would suggest that we deny their request for no compete race dates and tell them that we would expect any application they would submit for this coming year to be for dates that didn't overlap with the Grants Pass meet. Is there a motion?

Davis: I move that the commission deny the request for the Eastern Oregon Livestock Show to have exclusivity to the dates and force Grants Pass to shut down for those dates.

Walters: Discussion. All those I favor signify by saying Aye.

Metcalf: Aye.

Gilmour: Aye.

Davis: Aye.

Thorne: Aye.

Walters: Aye. I'm not sure we need a separate motion for that, but I think it certainly is the consensus of the commission that we would like Eastern Oregon to try to figure out a way to apply for different race meets because we're not going to grant an overlap. Since we're not going to give them exclusivity I think the hint is rather broad that they need to search for new dates if they can arrange them.

4. OTOBA, OHBPA and OQHRA Joint Request for Hub Funds for Purse Supplements at Portland Meadows – *cont'd. from 7/21/05*

Following is a transcript of this agenda item:

Walters: There was a sub-committee meeting this morning...

Gilmour: There was.

Walters: ...and it might be most appropriate simply to hear the report of the sub-committee and the recommendation they may have.

Gilmour: Well, I think actually, with all due respect, I think what I'd like to do is I'd like have the requestors come up and explain for the record their request.

Walters: That's fine.

Gilmour: Then because this was an open meeting not on the record I think then Commissioner Thorne and I can kind of go through what the sub-committee's conclusion was and probably put it in the form of a motion if that would be okay.

Walters: That's fine. I appreciate the gesture.

Gilmour: I like seeing the three groups together.

Walters: Did you bring your camera?

Gilmour: No, I didn't bring the digital.

Walters: It might be a good record to have.

Gilmour: Now Dave Benson was not there but he can come up to the table because Ron Sutton was there and is not able to be at the commission meeting, for the record. Ursula, why don't you take us through the request. You have paper in front of you.

Gibbons: Okay, Ursula Gibbons from the OTOBA. Our three groups met together and then we went back and met with our boards and then we came back and met again.

Walters: Excuse me. Is your mike working, Ursula.

Morgan: That one you have to have closer to you.

Gibbons: Good. And basically we all agree that we would like to in some way increase purses at the Portland Meadows meet, and we used a base number to come up with a total amount of \$500 per race, 720 races, that would be \$360,000 for the meet. We agreed to divide that money between the organizations so that each could manage a part of it using what is in existence as the source market split which is 70% under HBPA control, 18% under OTOBA control and 12% under Quarter Horse control. But then we also agreed that that would not leave the Quarter Horses an Oregon-bred incentive, so we added another 18% of their share which is another \$7,800. That's basically our program. Then we were each going to come back to the commission and let you know or propose how we would each use our share of those funds.

Gilmour: Jackie or Dave, do you have anything to add for your request?

- Phillips: Jackie Phillips, Oregon Quarter Horse Racing Association (OQHRA). I think Ursula has stated it pretty well and we thought it looked like an equitable plan and it would maybe help have some incentive to raise horses in Oregon and run them in Oregon.
- Benson: Dave Benson, president of Oregon HBPA. One thing that I want to be careful how it's addressed, it's going to come up a little later, but we have reached an agreement on a contract with Portland Meadows. The one thing that's disconcerting is the handle in Oregon has dropped year after year. We have a new agreement which was just passed by this legislature to allow year around simulcasting that will benefit horsemen racing in the state of Oregon a year down the road. It's like the money that you get, you don't get it all at once, you get it over a year period. So, we won't really have any accessible funds for another year. At that time it will be here, but right now the purse money that we're going to run for is going to be roughly the same as last year and that really is insufficient to keep many of the owners and trainers going in this state. I know the OTOBA has got a sale coming up here in three or four weeks. Year after year the sales just continue to go down because there's no, you can't afford to race here. People say this is a hobby. Believe me, it's not a hobby for us to race, and if it is it's a stupid hobby because you're going about it the wrong way.
- Walters: It's a stupid business; it's a nice hobby.
- Benson: That's a better way to put it! We have to do something, and nobody is going to get rich in this state, never. But at least to be able to pay your bills or have an opportunity to run for money enough to pay your bills is important. Anything we can do to get the purse account up is needed. The Hub funds have done great things for the summer fair meets, it's done great things to build barns for activities totally unrelated to horse racing, but I'd like to see, now I think it's time that we start doing something to help the other people in the state that run horses and that being Portland Meadows. It would help the breeding industry, it's going to help our owners and trainers, it's going to help the Quarter Horse owners and trainers. They're in the same boat as we are. They may be affected even more so, but it's important to get the purses up. I know the money isn't there, it's what I'm hearing, but I'll tell you the money that we're asking for isn't near enough. We need more, and I don't care how we get it, I do care how we get it. I'd love to be able to, never mind, I won't say talk about licensing fees or anything else, but whatever we can do to help generate additional funding for the horsemen. It's needed.
- Gilmour: Okay. With that said, thank you Dave, thank you Ursula and Jackie, Commissioner Thorne and I with the guided assistance of our crack staff Carol and the figures, for the record, a couple things on projections of Hub funds. They're projections, number one. Number two is we changed some rules with our Hub contracts. We do not have a year's experience under the new Hub licensing rules for us to project with any 90% accuracy of the amount of money we have coming in for the first year let alone the second year, so the sub-committee of Commissioner Thorne and I with Carol's guidance developed to our best ability a guesstimate for the 05-06 balance of what our commitments are on Tier 1 and what money could be available. It was the working decision among the group and Commissioner Thorne that we thought at this time the best that we could do is honor 50% of their request and that we would review the numbers in three months to determine how the cash flow was going. That this hypothetically could be a one year only understanding because if it runs extremely bad that we'll have to go into the second year of the race year to keep our commitments for the Tier 1 if things bad. So, we were hedging our bet a little bit on that. The other thing that I would like to point out, and this is more of a personal note, it's to be noted that this request in granting of Tier 2 Hub monies is for the collective group in front of us. It has not been submitted by any commercial license and that it has no reflection on that commercial license and their agreement that has been signed or not signed with the relative horse groups for the purse amounts. In other words, this is a supplement dished out through a request of the horse groups in front of us. I wanted to make sure that that is on the record. That is not something that should be taken into the future, for instance, of the 06-07 as a baseline of what the purses would have to be or would not have to be for the next year because we haven't gotten there yet with whether it's a request or a supplement. Now, Commissioner Thorne, do you have anything to add or a motion or did I leave anything out?
- Walters: If you don't mind, I would rather have some more discussion before you make a motion.
- Gilmour: I'm sorry.
- Walters: That's alright, but I'd be very interested in hearing anything else you have to say.
- Thorne: First off, to respond to Dave that everybody needs more money. We've only got so much and I don't want to get into a situation where everybody continues to completely rely upon us to handle problems. Granted that the changes that we're seeing in the industry thrust us into that position through this Hub thing, but I just hope that people realize that there's only so much money and creativity by every interest in racing whether it's the commercial side or the horsemen or what have you I think we in order for the industry to prosper going forward there needs to be some thinking outside of the box. Part of the reason I say that despite the fact that we have hubs and simulcast and the whole gamut it seems to me that the trends in the industry in Oregon continue to go the wrong way and we as a commission can't answer all those questions. So, that's one thing I wanted to say. With respect to our projections, that's what they are and we're considering granting a request or at least a partial request based on what we think we

might have at the end of the biennium, which is inaccurate math at best. So, I would send a message that if anybody has further Tier 2 Hub requests, I would suspect that we will look unfavorably upon those over the next six to eight months. As Commissioner Gilmour pointed out, we're going to monitor this quite closely on at least a quarterly basis just to see how the new rule plays out in terms of revenue, but I think that we need to consider some other options going forward to change this formula at least if not in this biennium the next.

Walters: I very much respect and am grateful for the work that Commissioner Gilmour and Commissioner Thorne have done on this, and I share their caution on how much money we are going to have and what's going to be available for Hub fund requests. I guess I would, and I think I've made my feelings known on this before, I don't see this as just another Tier 2 request – we want to build a barn, we want to do this, we have some great plans for what we can do with our race meet if someone just gives us some money. I share the views that Dave expressed is that this request for Hub funds goes to the core of what our mission certainly should be with respect to the use of Hub funds. This request is for just about half of what we put into purses in the fair meets around the state. It is for less than we put into purses at Grants Pass which is a 16-day race meet, yet this race meet has the greatest effect of any race meet in Oregon on the people's ability to stay in the business and run horses, the people's ability to breed horses. You know, Ursula had talked about the desirability at least of being able to put something regarding this request in their sale catalog. We missed the deadline not through any fault of ours but just given the timing and, I think Jackie would concur, that the Portland Meadows race meet is critical if we are going to have meaningful horse racing in Oregon. And by that I don't mean to denigrate the role of the fairs at all. So, I do see this as a drop in the bucket but it is an important drop in the bucket. I think it could send a signal to horse men and women in Oregon and elsewhere that there's light in the tunnel as they say and it's not a train coming and that purses can go up somewhat at Portland Meadows and that there is a future for this industry because I believe in my heart of hearts that if Portland Meadows continues to bump along or decline as it has, we don't have to worry about competition from slot machines or casinos or what have you, it's just going to fade away. If it does fade away then there will be no more breeding industry to speak of in Oregon, there will be no more folks in Oregon buying race horses certainly to run them in Oregon because you can't run races and have a meaningful racing program in Oregon if you're just going to smaller fair meets around the state. I think this is a request that has fundamental importance and it's really important for us to send a message regarding the use of the Hub funds which is to serve the best interests of the racing industry in Oregon.

Turning to the amount of money available, it is a projection. Maybe one would say it is a guess as to what funds are going to be available at the end of the biennium. Whether this projection is meaningful or not I don't know. I do think I'm more of a glass half full than half empty type of person because I've looked at the numbers and the projections of the effect of the new rule and frankly my own view is that given the elections made by the Hubs where we have two Hubs that have exceeded the cap having elected not to be subject to the cap and a third Hub that is just getting going here in Oregon which based on it's at least national prominence has the potential to exceed the cap also has not elected to be subject to the cap. The Hubs that have are below the cap anyway. I think one of them might hit it this year. These projections of the money that will be available are realistic, and we have a very realistic chance of hitting those.

My own proposal that I would ask my colleagues to consider is rather than do \$180,000 and revisit and look at it again in 30 days would be to grant \$360,000 and look at it again in 30 days and look and see, I mean just the way you do during a race meet, you put a purse schedule in place based on what you think you're going to do and if bad things happen that you have to adjust purses downward as the meet goes on, so be it. I would rather send a message that this is a request that is important to us and that we are willing to support the horse men and women who are running at the most important race meet in our state. So, those are my views.

Davis: I'd just like to comment that I also am grateful for what Commissioners Thorne and Gilmour have done. I know this is a tough job trying to figure out how much money we have and what's the best use of it, but I couldn't agree more with Chairman Walters if I had spoken the words myself. This does go to the heart. I am very passionate about doing whatever we can to shore up the industry here, and I want to say thank you to you guys. You are doing a tough job in a tough industry and you're hanging in there and you always come with very thoughtful proposals and I'm grateful for that. I would concur that I would much rather send a message to the industry that we're serious about supporting you folks.

Benson: I'd just like to in closing here...

Walters: You're not closing. We will close.

Benson: I'm going to shut up. That's closing. Chairman Thorne mentioned that everybody wants more money. Yes, they do, not just in racing but in all acts of life. I would like to say though that in Oregon we do now have the dubious distinction of having the lowest purses of licensed meet in the United States. We are low. As we look at states around the nation whether it be Virginia, Oklahoma just recently where they passed legislation directly to help the racing industry. We in Oregon passed legislation this year that gave us the rights to simulcast year round for our racing, yet we had other issues that would have benefited us at the track – additional slot machines and so on – that

never even came out of the subcommittee. We haven't had anything in this state really other than the simulcast issue to come out and help the horsemen. And the commission, you've done a great job in what you've done and we appreciate everything, but you know the commission as a representative of this state I'd hope that you'd be able to help us similar to a lot of the other states around. I know there's not a lot of money there and there's not going to be. We'll never get to that level, but anything that you can do that's going to help the situation is going to be greatly appreciated. Thank you.

Gilmour: Mr. Chair.

Walters: Commissioner Gilmour.

Gilmour: I would like to make a motion, but my motion has some caveats if you say. I would like to make a motion that we grant the full request. Here are the conditions. The conditions are that when we revisit this that we do not open the window of taking a look at the Tier 1 support to our counties. I think that would just as much open Pandora's Box with several different entities, and I'm afraid for us tell Rod that there's not going to be \$2000 a race but there's going to be \$1000 would be as devastating to the county and I don't think the commission wants to go in that direction. So that would be one of those caveats. The other is I would like to hear at least from the three people up here that if everything goes extremely badly over the biennium with our projections if they would rather get the full amount now for the 05-06 season and with us monthly watch how that's working and take the gamble that the possibility of the 06-07 race season there might not be an availability for them to come back and make a request for us to balance our books because I'm sure we have to balance our books and we've done a very good job in that with this account, I believe, and Carol's direction that we spent most all of the money in places that we thought were best needed for it. I don't believe the legislative fiscal officer is going to look too kindly at the fact that we're running bienniums together. I think this will obviously give us some time to take a look at our projections with how it's coming in, and I'm probably the most optimistic person on this commission. I really hope it does come in. I totally agree purses are too low. I think a commercial license has also some responsibility with those purses and not that they didn't but there is some partnership along that through contracts which we don't interfere with. So, with your permission I would move that we grant the full amount with some of the trailing issues that I did mention.

Walters: And the trailing issues are that we look at it, you had said the discussions from the subcommittee was 90 days but...

Gilmour: (unintelligible short comment)

Walters: Right, that's fine. And the other one is that in looking at it on this monthly basis that we not consider as an option lowering the amount that we would make available under what we've come to call Tier 1 requests.

Gilmour: Right, to make up for this.

Walters: And would that be for this race meet? And I'll just be right out there with where I'm going. In my own mind at some point I think we may have to revisit that amount that is available to the summer fair meets on a per race basis if in terms of balancing their needs with the needs of the commercial race meet. So, my own thought is that at some point we might but I certainly would be willing in voting on your motion to make that commitment for this race meet and this granting of a Hub request.

Gilmour: That is correct. This race meet, commercial race meet.

Walters: Okay.

Morgan: May I ask a question? When you're talking about the fairs, then are you talking for the 2006 fair season?

Gilmour: Yes.

Morgan: Okay.

Walters: Yep. There has been a motion made and so I can't hear from you, Dave.

Gilmour: He's done.

Walters: That's right. He closed. Is there further discussion on this motion? All those in favor signify by saying aye. Aye.

Gilmour: Aye.

Thorne: Aye.

Metcalfe: Aye.

Davis: Aye.

Walters: The effect of the motion is the request is granted, and in my own view is that this has the advantage of allowing you in your planning and your communications to horse people to say that there is going to be increased purse money available over what is reflected in your purse agreements. Obviously, given the commission's action but just like any purse agreement there is the possibility that the purse schedule would have to be adjusted if the money's not there. I am hoping that by taking this action the commission has made a statement that we are going to give help if we have the money to the commercial race meet and that you can communicate to horse men and women that we've taken step. I thank you all very much for making the request and coming before us, and again I thank the Hub Funds Subcommittee for their hard work on this issue.

Gilmour: For the record, we're not a bunch of free-spending Democrats on that subcommittee.

Walters: Did you have one other thing you wanted to say, Dave, because it looks as if you had something you wanted to say.

Gilmour: He just wanted to say thank you. Right, Dave?

Benson: I just wanted to say thank you.

Walters: Thank you very much.

Benson: The only thing I was going to say... (laughter)

5. Request From eDowns.com for Reimbursement of \$18,000 Licensing Fee – cont'd. from

7/21/05

Jodi Hanson reported that in response to a request by the commission at the July meeting she had reviewed the amount that the commission expended in conducting investigations and inspections of eDowns.com which was in excess of the expenses that would have otherwise been incurred by the commission. The total estimate she provided the commission was \$4,459 which, subtracted from the \$18,000 they had requested to be reimbursed, leaves a total of \$13,541 which should be refunded for eDowns.com.

ACTION: MOTION(Gilmour) Accept the executive director's statement in reducing the refund to reflect the costs incurred by ORC staff and the money to be refunded should be \$13,541.

VOTE: 5 Aye, 0 Nay

6. Request for Tier 2 Hub Funds from Crooked River Roundup

Chair Walters stated that given the commission's discussion, the request would be tabled.

7. Status Report on Race Meet Application from MEC Oregon Racing, Inc. dba Portland Meadows for Period June 1, 2005 through June 30, 2006

Chris Dragone, General Manager, and Dwayne Yuzik, Assistant General Manager, were present on behalf of Portland Meadows. Mr. Dragone began by stating he wanted to associate himself with the comments made by Dave Benson and Chair Walters regarding Hub money and that Portland Meadows was grateful for any kind of help they can get. He wanted to point out to the commission that if it hadn't been for the contribution of Magna Incorporated and the horsemen there would have been a 13% drop in the purses last year. He also pointed out that that was on top of losing \$2.4 million from a corporate standpoint. They were disappointed that the bill that would have provided some help from VLTs never made it out of the senate committee.

Concerning the 2005-06 race meet, Mr. Dragone reported they will be starting October 22, 2005, and will run through Kentucky Derby Day, May 7,

2006. Post times will be at 12:35 p.m. instead of 1:05 p.m., and there will be a break in live racing beginning December 20th through December 30th. Chair Walters stated the commission had received a copy of a signed contract with the horse men and women as well as a schedule showing the race dates, tentative purse schedule, tentative stakes schedule and projection of handle. Jodi Hanson confirmed the submission of these documents satisfied all of the conditions that were cited when the race meet application was approved subject to certain conditions at the June commission meeting. Ms. Hanson stated this completed everything and recommended the commission accept the documents as submitted subject to any changes that may come up in the future and if the commission authorizes her to approve those changes. Chair Walters concurred if there were to be changes in the purse schedule and the stakes schedules based on further discussions with the OHBPA and the OQHRA. If there is an allocation of the Hub funds that was just approved, Chair Walters also suggested Ms. Hanson should have the authority to approve that allocation as well which would enhance the purses listed in the purse schedules. Commissioner Gilmour made the request that the programs have a printed notation regarding the source of the additional money provided by the Hub funds for all races that received supplements from the Hub funds.

ACTION: MOTION(Gilmour) Approve these submissions to satisfy the conditions subsequent that were placed on the approval of their license application at the June meeting.

VOTE: 5 Aye, 0 Nay

8. Tillamook County Fair Race Meet Report

F. R. Blair, Presiding Steward, reported the meet went very well. No horses were injured, no riders were injured, and only one rider was unseated but was not hurt. There was a total of eleven riders which was a good number for a meet the size of Tillamook. There were 111 horses that started 128 times, and with a 6 horse gate the fields averaged 5.8 starters per race. Fair management had hoped to reach \$100,000 in handle this year. They not only met it but surpassed it by \$10,869.

9. Confirmation of Next Commission Meeting – September 15, 2005

Commissioner Thorne was the only commissioner stating he would not be present for the meeting.

10. Final Order Denying Application for Tina A. Pase

ACTION: MOTION(Thorne) Approve the final default order for Tina A. Pase.

VOTE: 5 Aye, 0 Nay

11. Status Report on the OGA Adoption Kennel

Following is a transcript of this agenda item:

Gage: Currently in the adoption kennel we have 42 greyhounds. Out of those 42, 34 are either spayed or neutered. We have approximately 8 on the waiting list to come in. We've adopted out 122 greyhounds since January 1st, and we are still at Multnomah Greyhound Park operating as the adoption kennel there. And we have not been vandalized yet. Also before you you should have expenditures for the month of July for the adoption program. We received \$24,016 for two months for July and August. I don't have the August one in because we're at the 18th of August. It breaks down to \$12,008 per month. As you can see we're over a little bit. Some of that is the cost of veterinary services because we have gotten so many greyhounds spayed and neutered. The reason for doing that is to move them more quickly. Also, workers' compensation had been paid and that's for six months at a time. So, without those we would be under what we had projected.

Walters: What's the professional services?

Gage: That's the bookkeeper that keeps track of all the expenditures for the adoption program.

Walters: My understanding, Dick, is that the OGA has settled its lawsuit with Magna and pursuant to that settlement that the training track money that the commission previously directed go to the adoption kennel which in the neighborhood of \$30,000, and in addition, breakage of about \$25,000 in that neighborhood, also is going to go to the OGA and I assume that will be used toward the adoption kennel as well.

Gage: The \$23,600 will be used, that is money that we already paid out the previous year for added purses, so that will go for the operation of the OGA.

Walters: What operation does the OGA have now that that money, I mean, are you at a deficit position that that would pay you back for, I mean what operation would that breakage money be funding?

Gage: All our banking accounts that we have money in, to keep track of all that. Well, I guess we could move that all to the adoption program.

Walters: Perhaps it might make sense for the next meeting, Dick, that you might give us a breakdown on that so we could take some action one way or another.

Gage: Sure.

Walters: I appreciate it. Thank you.

Gilmour: I appreciate getting these reports, but you know I got to thinking about a couple of things that are missing that maybe you'd include in your next report. This is a question I've never asked before, but how many dogs are out there, number one? I'm assuming that you're not always going to have 40 or 50 dogs for the next 18 months at that spot, number two.

Gage: I would not think so.

Gilmour: Number three, is that hypothetically over a period of time of placement so that you are reducing your number I would not think that we need to project a \$12,000 a month...

Gage: That's correct.

Gilmour: If you've only got 2 dogs you could take them home.

Gage: Right. That's what I explained to you at Grants Pass. You wanted figures and we gave you figures.

Gilmour: Right, and I'm not picking on you cause I for one, and I believe the commission all members stand behind me, we are going to fulfill our obligation. But, I'd like to know what the obligation is as far as dog numbers – how many are coming in every month, how many are going out every month. I'd rather not board all these dogs for the rest of their lives at the kennel.

Gage: No, we wouldn't either.

Gilmour: I know that. It would help us if we knew that you got 10 dogs in and 15 dogs out. I mean, what's the flow here that corresponds with the amount of money?

Gage: Okay.

Gilmour: That's what I'm asking.

Gage: There was an article in the paper that said we had 45 dogs in the adoption kennel. That was done last week and over the weekend we moved 3 dogs, we're down to 42. It changes but also we have dogs coming in.

Gilmour: I know. I'd like to know... Obviously you are monitoring who's bringing the dogs in. These are Oregon raced dogs.

Gage: Yes, they are.

Gilmour: We're not getting dogs from other states.

Gage: No.

Gilmour: Okay. I'm assuming everything is as we agreed.

Gage: Right.

Gilmour: I need being reminded. I'm getting old.

Gage: We have a database that has all those dogs in it, and if you want a list...

Gilmour: No, no, I trust you to a point, but sometimes I need more information because we can keep looking at this for the next 18 months and hypothetically have one dog out there that's being very expensive to keep. So, we might want to have Plan B.

Gage: Okay. That's fine.

Gilmour: Thank you.

Walters: One questions that I have and then I'll recognize our executive director. Do the employee wages and benefits vary from month to month depending, for example on the number of dogs or the amount of activity?

Gage: No, they should be the same.

Walters: And how many employees are we talking about?

Gage: Two employees, and then we have volunteers that volunteer their time. So, it's two employees.

Walters: At some point do you see it reaching a point where you'd only need one?

Gage: Yes. When that time comes when we have only 'X' amount of dogs, yes. We have like a minimum of one caretaker per 20 dogs.

Walters: Gotcha. It makes sense.

Gage: If we have 45 dogs we still only have two.

Walters: Right. I understand. Again, just to emphasize again for our record, there is at least an additional \$30,000 of the training track money that is going toward the adoption kennel which should defer the use of Hub funds, and then depending on what happens with respect to the breakage, there may be several months of payments out of that.

Gage: That's correct.

Walters: Jodi?

Hanson: I just wanted to have one point of clarification for the record and I know you've explained this before. Just to help the commission, remind them what exactly an Oregon racing dog is that's coming in.

Gage: An Oregon-bred dog is a greyhound that is whelped here and remains in the state for its first 12 months of its life or any greyhound that had raced here at the track previously. So, they can be from out of state and not an Oregon-bred, but if they raced here say like in 2004 or 2003 and the owners want them to come back, then can come back and be adopted out here.

Hanson: Thank you.

Gilmour: I would hope you'd discourage them and tell them to adopt their dog in their own state.

Gage: Well, since there is no racing here...

Gilmour: I understand.

Gage: ...there aren't trips back and forth all the time as there would be, and a lot of those dogs are being adopted out at other places. Usually by now we should be at around 200 dogs adopted out, and like I said we're at 122.

Gilmour: How many dogs do you think are still out there?

Gage: What age are you talking about? Are you talking about...

Gilmour: Eligible for this program.

Gage: Okay. Eligible for the four-year exit plan?

Gilmour: Was it four years?

Hanson: Uh huh.

Gilmour: Okay.

Gage: I would say that are eligible for it now there's probably around 1,000 to 1,100.

Walters: Ouch.

Gage: Like I said, we are at 122 greyhounds adopted when we would be at 200 and something by now. A lot of those dogs are getting adopted out. In fact, we just talked to a lady yesterday in Oklahoma who had some Oregon dogs that got adopted out there in Oklahoma that were waiting for a ride here. That was 7 of them.

Gilmour: I hope you sent her a thank you.

Gage: We did.

Metcalf: I have a question. So, there's a moratorium on breeding now, and so the dogs that are whelped here and spend 12 months here are not eligible for this program after... The new litters are not eligible.

Gage: The four year plan was done, and those after that are not counted in this.

Gilmour: Right. There's a cutoff.

Gage: Right.

Metcalf: Okay.

Walters: Other questions? Thanks very much for the report, Dick. Appreciate the information and the good work.

There being no further business, the meeting was adjourned.