

MINUTES

OREGON RACING COMMISSION

May 18, 2006

The Oregon Racing Commission met on Thursday, May 18, 2006, at 1:30 p.m. in Room 140, 800 NE Oregon Street, Portland, OR. Commissioners in attendance were Chair Jeff Gilmour, Lisa Metcalf, Vice Chair Todd Thorne, Julianne Davis and newly appointed Commissioner Kerry Johnson. Chair Gilmour welcomed Ms. Johnson to the Commission and she provided information on her background.

Agenda items were discussed in the following order with resulting actions:

1. Approval of March 16, 2006 Minutes

ACTION: MOTION (Thorne) Approve minutes as submitted.

VOTE: 5 Aye, 0 Nay

2. Portland Meadows Update Report

Dwayne Yuzik, General Manager, Portland Meadows, and Jerry Kohls, Racing Secretary, were present to answer questions. Information and discussions included the following:

a. Kentucky Derby day yielded the third highest mutuel handle since Magna Entertainment came to Oregon.

b. Portland Meadows current relationship with the horsemen is the best that they have ever had and they are looking forward to the next meet where Portland Meadows will concentrate on growth.

c. Statistics and Press Release booklets for the 2005-2006 Portland Meadows Race Meet were provided.

d. Portland Meadows raced a total of 77 days this year compared to last year's 78, but ran 18 more races this year totaling 720 races compared to last year's 702. The number of races affected the field size for both Thoroughbred and the Quarter Horses with a total 7.07 this year and 7.70 last year. The last eight weeks the meet fell apart with the inventory way down and horses that had run a lot early in the race meet resting and waiting for the Fair Meets or Emerald Downs to start. The proposed schedule for next year is addressing those issues and they expect the average field size to improve dramatically next year with the new race days.

e. Total purses were up 12.3% which allowed extra revenue to be put into the industry, thanks to some of the Commission's decisions regarding Hub funds.

⇒ Commissioner Lisa Metcalf stated her appreciation for the Portland Meadows 2005-2006 Race Meet Statistics and Press Release booklets that were provided.

⇒ Executive Director Jodi Hanson added her appreciation for the booklets and stated that there had been a lot of good press about Portland Meadows this year.

3. Proposed 2006-2007 Portland Meadows Race Dates

Dwayne Yuzik, General Manager, Portland Meadows, and Jerry Kohls, Racing Secretary, were present to answer questions. Information and discussions included the following:

Proposed that the 2006-2007 Portland Meadows Race Meet begin a week earlier than it did in 2005-2006 and that the race days be scheduled for Sunday, Monday and Tuesday. During the last nine weeks, the race days would only be two days a week on Monday and Tuesday in hopes of addressing the inventory issues that occurred in 2005-2006 year.

The primary reason for changing to Monday and Tuesday is to resolve revenue issues, primarily export sales. The past race meet, the average on-track handle on Saturdays was about \$31,000, Sundays was \$26,000 and Mondays was \$29,000. However, their goal is to double their export sales considering a typical Saturday or Sunday brings in less than \$100,000 while Mondays can go from \$500,000-\$700,000. Next year they will be simulcasting seven days a week instead of six days a week and anticipate an additional 7% increase in handle that will be beneficial to the horsemen's groups and purse pools.

In response to Executive Director Hanson's question about the opinion's of the horsemen's groups, Mr. Yuzik replied that they had been very proactive working with the horsemen's groups, but did not feel there was really any negative response. He added that it was a commercial meet and the changes were business decisions.

Regarding Chair Gilmour's question about their purse schedule, Mr. Yuzik explained that Portland Meadows' goal for 2006-2007 is to increase their purse schedule 10-12%.

- ⇒ Executive Director Jodi Hanson requested that the live handle revenue forecasts be included in Portland Meadows' license application. She stated she was aware that there would be some medication issues pertaining to the current rules that would need to be addressed with this new schedule.
- ⇒ Dick Cartney, Oregon HBPA, on behalf of Thoroughbreds, supported the proposed schedule, stating that it would create some hardships for people who ship off the grounds, but realized that racing on Tuesday would generate some badly needed revenue for purses. Therefore, they were willing to try this proposal with the hope that it benefited everyone. He added that they all needed to work with the Commission and the veterinarians regarding the medication rules to figure out a way to handle the adjustment in the schedule.
- ⇒ Jackie Phillips, Chairman of the Oregon Quarter Horse Racing Association, stated that it was her personal opinion that if it benefited the horsemen, increased purses and made it more economical, they should try it. She explained that the OQHRA might have more of a hardship because they had to haul-in, but thought they should try it as it was important that racing be maintained in Oregon and hoped this would help.

⇒ Commissioner Julianne Davis stated her appreciation for the horsemen's groups working with Portland Meadows and being willing to disrupt things a little for the good of the industry.

4. Jockey Insurance Update

Chair Jeff Gilmour announced that the jockeys have insurance for the summer fair race meets and that this matter will be reviewed again next year.

5. Sub-Committee Update Reports

a. Vet Sub-Committee: Commissioner Lisa Metcalfe stated that within the last month, the medication update regarding the care of the horses at the track was submitted to Jodi Hanson, Executive Director, which will also be reviewed by Raul Ramirez, AAG. She added that this is a first draft and that everyone will be given an opportunity to review it and to provide their opinions for consideration.

Chair Gilmour stated that the long-term goal would be to have the new rules in place by the start of the meet at Portland Meadows in the fall.

b. Hub Sub-Committee: Vice Chair Todd Thorne stated that six issues were outlined during this sub-committee meeting regarding the Hub licensing requirements. He explained that at this meeting they specifically discussed whether call centers need to operate within Oregon or whether they would be allowed to operate outside the state. He announced that the plan was to take each issue, one at a time, through the public hearing and rules process. He anticipated that the first rules hearing would be in July and that there would not be another Hub Sub-Committee meeting until September.

During the course of approving each of the following four Hub license applications, source market fees coupled with holding signals were discussed.

6. The Racing Channel, Inc. 2006-2007 Application for Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hub License

Joey Michaels, Vice President of Operations, was present to answer questions. Information and discussions included the following:

There was one omission in the application regarding the tax step they would be operating under; it would continue to be the same as last year.

Executive Director Hanson recommended approval of the application and operating plan as submitted.

ACTION: MOTION (Metcalfe) Approve application and operating plan as submitted.
VOTE: 5 Aye, 0 Nay

7. US Off-Track, LLC 2006-2007 Application for Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hub License

Deb Trickle, General Manager, was present to answer questions. Information and discussions included the following:

Executive Director Hanson recommended approval of the application and operating plan as submitted.

Commissioner Davis commented on a source market fee study that US Off-Track conducted and encouraged other licensees to do the same.

ACTION: MOTION (Davis) Approve application and operating plan as submitted.
VOTE: 5 Aye, 0 Nay

8. AmericaTab, Ltd. 2006-2007 Application for Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hub License

Todd Bowker, General Manager, was present to answer questions. Information and discussions included the following:

They are pleased with their set up in Oregon and recently experienced the benefit from the recent tax structure change when they reached their cap. He announced an increase in handle for the year with a record on Kentucky Derby day, up nearly 47%.

Executive Director Hanson recommended approval of the application and operating plan as submitted.

ACTION: MOTION (Thorne) Approve application and operating plan as submitted.
VOTE: 5 Aye, 0 Nay

9. ODS Technologies, L.P. dba TVG 2006-2007 Application for Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hub License

Roger Nyquist was present to answer questions. Information and discussions included the following:

TVG highlights for last year: 45.7 million dollars was paid in source market fees to the industry last year; currently available in 18 million homes in America; chose tax option B and appreciate the Commissions innovation and flexibility with that tax plan as it is working out well; provided the Aware Program which is to ensure that people do not play beyond their means; have 37 full-time employees and 15 temporary/seasonal employees in the Beaverton operation; introduced Japanese racing to the US market; had 7.5 million dollars wagered on Kentucky Derby day, a record; last week launched new programming to try to bring new people to the industry and improve their product for current customers.

Executive Director Hanson recommended approval of the application and operating plan as submitted.

ACTION: MOTION (Metcalf) Approve application and operating plan as submitted.
VOTE: 5 Aye, 0 Nay

Executive Director Hanson announced that the 2006 Oregon Summer Fair Race Meet would begin this weekend at Grants Pass and stated her appreciation to the Hubs for generating the revenue that would supplement all of the summer fair meets and the purses.

10. OHBPA, OQHRA and OTOBA Hub Fund Revenue Distribution Proposal

Jackie Phillips, OQHRA; Ron Sutton, Vice President of OHBPA; Ursula Gibbons, Executive Director, and Gary Martin, President, of OTOBA were present to answer questions as representatives of the Joint Horsemen's Committee. Information and discussions included the following:

Ursula Gibbons explained that the Joint Horsemen's Committee participated in a series of meetings in an effort to provide a long-term plan to the Commission for the distribution of Hub funds. Their purpose was to alleviate the possibility that an emergency request by one of the horsemen's groups would be denied due to a lack of funds. The proposal included a timeline listing the additional funds needed by each of the horsemen's groups throughout the year.

Chair Gilmour stated his appreciation for all of them working together to submit this proposal and agreed to use the information as a template for distribution of Hub revenue.

Vice Chair Thorne added his appreciation for the group working together and anticipated that this template would assist the Commission as it planned funding disbursements. He explained that they would not be able to approve all of the funding requests listed in this proposal at this time as it was the Commission's responsibility to appropriate funds as they came in.

The following critical funds were requested to be approved by the Commission immediately:

- ⇒ Jackie Phillips, OQHRA, requested \$4000 for the Triple Crown Insurance Premium; \$3,000 for the Grants Pass Derby; and \$15,000 for the Fire Cracker Futurity. (\$22,000 Sub-Total)
- ⇒ Ron Sutton, OHBPA, requested \$5,000 for the Fair Stakes races, \$15,000 for Summer Stabling for each month (4); and \$12,000 for shipping. (\$77,000 Sub-Total)
- ⇒ Ursula Gibbons, OTOBA, requested \$28,470 for Matching Nominations and \$35,000 for their Stakes program at Portland Meadows. (\$63,470 Sub-Total)

Ron Sutton clarified that the funds they were requesting approval for today totaled \$162,470.00. He stated that they would like to revisit this issue on a monthly or bi-monthly basis. He added his appreciation for the Hubs operating in Oregon.

For government audit purposes, Executive Director Hanson requested that the OHBPA provide a list of the names of the horses stabled for the summer and those shipped to other destinations. She asked that the names of the trainers as well as the new destinations be included in the shipping information.

ACTION: MOTION (Thorne) Approve the request for the disbursement of \$162,470 from Hub funds for the designated purposes as discussed.

VOTE: 5 Aye, 0 Nay

Chair Gilmour encouraged the horsemen's groups to contact their legislative representatives to propose new legislation that would adjust the division of the Hub monies between the State and the Commission more appropriately.

11. Request for Rule Making to add a Choose Six Wager

Todd Bowker, AmericaTab Ltd., explained that Choose Six was similar to the traditional Pick Six bet, but instead of specifying the particular races of the Pick Six ahead of time, the patron is allowed to choose the six races they want to put into the pool. He asked that the Commission begin rule making to add that type of wager, adding that rules for the Choose Six Wager have previously been approved by the ARCI model rules committee.

Chair Gilmour agreed to begin that rule making process.

12. Proposed Order for Kenneth Anderson

Raul Ramirez, Assistant Attorney General, stated that the Board of Stewards' proposed a 30 day suspension for drug violation. The hearing was held and the ALJ was in agreement with the Stewards' proposed suspension. Ramirez explained that there were technical corrections, such as the term Board is used instead of Commission, in the proposed order that needed to be made. However, those corrections would not change the substance of the order and the Commission could enter a final order today.

ACTION: MOTION (Thorne) Approve the Proposed Order with technical corrections as the Final Order.
VOTE: 5 Aye, 0 Nay

13. Proposed Order for James Wooten

Raul Ramirez, Assistant Attorney General, stated that the Board of Stewards' proposed to deny this license application for an Exercise Person. The applicant was previously licensed as a jockey but that license was revoked due to belligerent conduct. The hearing was held and the ALJ was in agreement with the Stewards' proposal to deny the license application for an Exercise Person. No exceptions have been received and the Commission may enter a final order today.

ACTION: MOTION (Thorne) Approve the Proposed Order as the Final Order.
VOTE: 5 Aye, 0 Nay

11. Confirmation of Next Commission Meeting – June 16, 2006

Chair Gilmour announced that the June meeting held in Grants Pass would begin at 2:00 pm.

Commissioners Metcalf and Davis stated they would not be able to attend, but all other Commissioners would be present at the meeting.

11. Public Comment

⇒ Rod Lowe, President, Southern Oregon Horse Racing Association and Representative for Josephine County Fairgrounds, stated his appreciation for the support the Commission has provided to allow

Portland Meadows to stay open. He added that the haul-ins are a very important part of making the fair meets successful with about 30% of the races filled last year being from haul-ins. He greatly appreciated the budget proposal submitted by the Joint Horsemen's Committee and suggested that a representative from the fair meets and Portland Meadows also be part of that committee.

Executive Director Hanson commented on the fact that Brad Shane will offer replays of some of the races on the Grants Pass Downs website as he had done last year.

- ⇒ Dave Nelson of Dave Nelson & Associates, Inc., described an incident involving a horse scratched for a fractional Butte overage and asked that the Commission's Vet Committee look at the ARCI uniform medication rules regarding Butte.

There being no further business, the meeting was adjourned.