

MINUTES

OREGON RACING COMMISSION September 21, 2006

The Oregon Racing Commission met on Thursday, September 21, 2006 at the Portland State Office Bldg, 800 NE Oregon Street, in Room 140. Commissioners in attendance were Chair Jeff Gilmour, Vice Chair Todd Thorne, Lisa Metcalf and Kerry Johnson. Julianne Davis was excused.

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

1. Approval of July 20, 2006 Minutes

ACTION: MOTION (Johnson) Approve minutes as submitted.

VOTE: 4 Aye, 0 Nay, 1 Excused

2. Sub-Committee Update Reports

Vice Chair Thorne explained that the HUB Sub-Committee met this morning to review proposed language for a new rule. He anticipates that a hearing will be held in November.

3. OHBPA Model Rule Adoption Request

The following is a transcript of this agenda item.

Zeke: Chair Gilmour, Commissioners, my name is Athena Zeke. I'm with the OHBPA and we'd like to speak about OAR [462], Division 160, Medications. I've discussed this with a couple of the Commissioners and Jodi Hanson and we would like to put in a temporary rule to adopt the model policy as promulgated by the ARCI. I understand that Jodi and Dick Cartney are going to work on matching up some of our current rules with the model policy and then the Commission will have a phone meeting in about a week. We'd like to set a date for that to vote on the temporary rule.

Gilmour: Okeydokey. Dick, do you have anything to say?

Cartney: I agree - Athena pretty well said it. By the way, Dick Cartney, Oregon HBPA. I agree. I think this is the thing to do. Jodi spoke to me about - there are a few little things that we need to, because of various reasons, legislative restraints or monetary policies that we have to make a few minor adjustments in the rules, but we definitely believe they should be adopted sooner rather than later. We have a race meet coming up and it's very important that we are at a level playing field for the horsemen.

Gilmour: Okay. For the record, do you have any documentation for citing your reference for this temporary rule?

Zeke: Meaning?

Gilmour: Any reference to the chapter of the OAR-

Zeke: OAR 462-160-0010, also 0020, and 0030.

Gilmour: Okeydokey. Miss Hanson?

Hanson: I've had some discussions-and I've had discussions with you, as well, and if we can set a date, probably in the next, if it's amenable to the Commissioners, to set a date for another meeting in probably two or three weeks to get this thing going, that would work on our end.

Gilmour: Okeydokey. Members of the Commission, starting at the far right.

Metcalfe: I'm not sure where this fits in to the amendments that I had proposed through the Commission and through our Veterinarians. Have you even seen a copy of those?

Zeke: We have not. I was under the understanding there weren't any proposed yet. There were no reports from the vet committees.

Metcalfe: I'm just told by our Executive Director that they're still in draft. But, I provided several amendments that I re-wrote and so I'd like to make sure that you have a copy of it as well as all of the Commissioners have a copy of OR [OAR] - whatever the Medications Rules. So that we're all just not -

Zeke: I'm not sure that those can be looked over while Jodi and Dick are looking at - sifting through and then get those to [unintelligible] with as well.

Gilmour: Commissioner Thorne?

Thorne: I'm good.

Gilmour: Okay. Commissioner Johnson?

Johnson: I'm good.

Gilmour: Okay. It's my understanding that the passage of a motion which has not been made yet, but the understanding that we'd move under these temporary rules which then starts the process of the rule hearings on the temporary rules which could include or exclude any other rules that are being brought from the Commission itself or other people in that process. That's my understanding. Is that correct?

[Unknown]: That's correct.

Gilmour: Is there a motion?

Johnson: So moved.

Gilmour: Commissioner Johnson moves that we operate under the temporary rule to establish the – what was it – would be the correct term for that – the universal-

Cartney: -medication policy-

Gilmour: -medication-

Cartney: uniform medication rules.

Gilmour: With the caveat, included in that, that Director Hanson work with the group in proceeding toward hearing to the implementation of those temporary rules prior to the Portland Meadows open October 8th. Correct?

Cartney: Correct.

Gilmour: Okay. Those of the opinion that we should adopt the temporary rule say aye.

Metcalfe: Aye.

Thorne: Aye.

Johnson: Aye.

Gilmour: Aye. Those opposed? The ayes have it and it shall be done.

Zeke: Will that be for 180 days? Temporary rule-

Gilmour: I don't have the rule book in front of me.

Zeke: It can be as much as 180 days. I'd like for - to ask Commission to do that. It gives us plenty of time for the permanent rule making process that will follow.

Gilmour: I would hate to think that the 180 days would keep us from adopting any collective rule changes to the temporary rules.

Zeke: But you'd not want it to run out before the permanent rules process was finished.

Gilmour: Is that okay with the Commission members.

Metcalf: I'd like to comment on that. Because of the most recent evidence that's come to light about Bute and Banamine being used together and there synergistic effect. I think we should instead re-invoke the rules as needed if we needed to continue to adopt them, but to give you a blanket policy for six months. I'm not comfortable with. That those rules, if they need to be changed, they should be changed. I've had these amendments in for six months now and so I feel that they really need to be looked at and reviewed because there are some changes to the model rules and there are changes in every state every month to the model rules it appears. So, I do not feel comfortable giving you 180 days blanket policy.

Gilmour: Blanket policy. Okay that's fair.

Zeke: I'd like to point out - I believe that once the temporary rule runs out, you can not make another temporary rule on that -

Gilmour: -same subject matter.

Zeke: Right, unless you have already changed during permanent rules process.

Gilmour: Well, the process is that we go directly to rule making once we initiate this temporary rule so I think your concern, I would hope, for the record, I would hope your concern will be included in that with the development of those permanent rules. Another words, if a rule within those rules should be acted on with expedience then I'm sure we can get together to do that.

Metcalf: So another words, you're saying that if - permanent rule will take precedence over our temporary rule. That these rules are not-

Gilmour: -Yes-

Metcalf: -Temporary are not in effect for six months should we get rule changes.

Gilmour: No, temporary, yes. That is correct what you latter said.

Metcalf: Okay.

Gilmour: Okay.

Zeke: We're not looking for a blanket for six months simply because we want to run under what's right there. We don't want it to run out and kick us back to where we are right now and then have-

Gilmour: -I don't think that will happen because this process initiates the rule making authority for permanent rules immediately. That's my understanding. Okay? Okeydokey. Thank you.

Cartney: Thank you.

Zeke: Thank you.

End Transcript.

ACTION: MOTION (Johnson) Adopt the ARCI Uniform Medication Rules as a Temporary Rule with the caveat that the Executive Director will continue to work with the OHBPA and that the rules will be implemented prior to the opening of Portland Meadows on October 8, 2006.

VOTE: 4 Aye, 0 Nay, 1 Excused

4. Joint Horsemen's Committee Hub Fund Revenue Distribution Proposal (cont.)

The following is a transcript of this agenda item.

Sutton: Ron Sutton, Vice President, Oregon HBPA.

Gibbons: Ursula Gibbons, Executive Director, OTOBA

Nelson: Leah Nelson, Executive Director of OQHRA.

Gilmour: Who's the spokesperson? Ursula, why don't you start?

Gibbons: I'll start. I've updated the Hub revenue spreadsheet that we try to keep pace with and showing revenue received through August 2006. It doesn't completely balance with Carol's from the Commission. I haven't had time and Dick Cartney tried to help find the difference and we couldn't. So, we need to talk to Carol. What we've done is addressed what we call the above the line issues, funding issues in May, at the May meeting, and so everything above this line was approved by the Commission at the May meeting and we're here now to ask for below the line, especially the Portland Meadows purse supplements. And so, what you see here is based on a division of those supplements the same way that they were done last year. We divided that money based on our formula for source market revenue and it shows it here as 70% funding of what the total we received last year which was \$360,000. We do show based on using projections only on known HUB income and projecting forward that certain of these Hubs will be capping. But, we get the information so late we did it by quarter and it's usually almost the next quarter before the numbers are posted on the Commission website. That's what we use. So there is money coming in, there will be two Hubs capping before the end of the biennium. I just don't when, but they're going to have to go up 7% or to \$325,000 this year, for this period. I've been real conservative here.

Gilmour: Now when you speak of years, you're talking the biennial year versus –

Gibbons: -yes-

Gilmour: - July to June 30th?

Gibbons: Right. June 30th.

Gilmour: Okay, just so we're all on the same-

Gibbons: -That's what we're talking because –

Gilmour: -Thank you-

Gibbons: - we all went back to the eighth of a percent-

Gilmour: - Yes-

Gibbons: - The ones that used the cap option.

Gilmour: Okay.

Gibbons: The others we just don't know. It's a guess because we have no information at all. But, based on that, we still show that there will be money at the 70% level for other expenditures on June 30th, 2007-

Gilmour: -six - seven. Correct.

Gibbons: 2007.

Gilmour: Okay. For the record, we will use our numbers.

Gibbons: Right. Okay.

Gilmour: I understand what you've done here-

Gibbons: - We're just trying to -

Gilmour: - Exactly.

Gibbons: Okay.

Gilmour: Okay. Ron, you want to go next? I'm sorry, Ursula are you done?

Gibbons: Yeah.

Sutton: I would just reiterate everything that Ursula said. We've put a lot of time and effort into this trying to project out. I would say that there is one mistake here even on our page that the money owed the HBPA for last year is only \$58,000 some odd dollars. There's another \$15,000 dollars less than this \$85,000 so I think it's right around \$70,000 total. Because we under spent last year, the funds that we had and I believe Dick's given Carol that number. So that's got to be correct there, so there's another \$15,000 there that's available.

Gilmour: Okay. Leah, you have nothing to add.

Nelson: I'm just in agreement.

Gilmour: Okay. There's a couple issues out there. First of all - Dwayne do you want to come up?

Yuzik: Sure.

Gilmour: Come on up, Dwayne. Maybe you'd want to have somebody else. I want to know where the Portland Meadows purse account is.

Yuzik: With regards to?

Gilmour: Today.

Yuzik: Money wise?

Gilmour: Yeah. What level is at? Is it in the minus, the pluses?

Yuzik: The plus.

Gilmour: Okay.

Yuzik: Dwayne Yuzik, Portland Meadows.

Morgan: You need to use the mic.

Gilmour: Why don't - We're a big family here.

Yuzik: Dwayne Yuzik, Portland Meadows. At the conclusion of our meet last year, we were in a underpayment scenario.

Gilmour: Okay.

Yuzik: Of approximately \$150,000 and so that's what it was at the end of the meet and right now we are accruing funds as per our horsemen's agreement currently. That puts us in a positive position.

Gilmour: Okay. Do you want to take a wild guess where it's at, positive?

[Unintelligible]

Gilmour: He doesn't work for Portland Meadows.

[Unknown] But he'll know what's in it.

Gilmour: I want to hear what Portland Meadows...Okay. It's in the plus.

Yuzik: It's in the plus.

Gilmour: Times up. It's in the plus.

Yuzik: Right.

Gilmour: And to my knowledge we have a pledge from the Hub for the last year yet to be paid to you. Correct?

Yuzik: Paid to?

Gilmour: Portland Meadows.

Yuzik: To the?

Gilmour: Purse account.

Yuzik: Not to the purse account. To the perspective horsemen –

Sutton: - To the perspective organizations. We essentially put the money into the purse accounts.

Gilmour: That's right. I apologize, Ron. You're correct. It doesn't literally go directly-

Sutton: -No-

Gilmour: -to Portland Meadows. It goes in-

Sutton: -it goes to us and then we -

Gilmour: -Right.

Sutton: Right. Our respective organizations essentially are on the hook for all the other-

Gilmour: -Okay-

Sutton: -that we use our funds to put into that purse supplement-

Gilmour: -Okay. And prior to the start of Portland Meadows, I'm going to request that our office get that number which is left there. Added to what our pledge - I think next month to write you a check for

\$121,000 for finish up – we need to know how much is in that account. Because that would then reflect upon, in all sincerity, your claim of 70%, whether it's 70% for the next year out of Hubs or whether it's a carry forward to make it 80, 85, 90%. Do you see where I'm coming from?

Sutton: No.

Gilmour: Okay. Let me re-phrase that. There was money left over in the purse account.

Sutton: Well, no, not-

[Unknown] -You're talking about the third [unintelligible]

Sutton: - out of, out of the-

[Unknown] -horse account -

Sutton: -out of the money from the Hub funds?

Gilmour: Right?

Sutton: That money was paid to the HBPA.

Gilmour: Correct.

Sutton: And then put into the purse account.

Gilmour: Correct.

Sutton: That money - all we're asking for the money that is owed, was already spent.

Gilmour: Okay. So, you've spent the money?

Sutton: Yeah, that money is all been paid out in purses and such. The purse account that we have set up now will always be in a plus through the summer.

Gilmour: That's the goal we set up a couple of years ago -

Sutton: -Right-

Gilmour: -when it was the other way. That's correct.

Sutton: It will grow money -

Gilmour: -Right-

Sutton: -and then we pay it out over the six months that we run.

Gilmour: Okay.

Yuzik: The \$150,000 I referenced at the end of our meet was a revenue share arranged between the association and respective horsemen's group independent of any out funding that came.

Gilmour: Okay.

Yuzik: So there's-

Gilmour: -And, I apologize. Maybe I'm the only one up here that is not clear on how that all works-

Sutton: -The way HBPA's money was under spent is we set x number of dollars, various amounts of – whether it would be \$400.00 or \$700.00 or \$800.00 and towards the end we ran a lot of the \$400.00 added races from the Hub funds and that's how that surplus essentially, which, you know. It cost you less money in the Hub funds, I guess, is what I'm saying.

Gilmour: Okay.

Sutton: But that number has been given to Carol exactly of what we spent comes out of our funds now, our-

Gilmour: -Right-

Sutton: -emergency funds. That's what -

Gilmour: Yeah.

Gibbons: Same with our organization. We've spent that money already, you know, from reserve funds that we have.

Gilmour: Okay.

Gibbons: [Unintelligible]-

Nelson: -And so, just for the record, so as the Quarter Horse. We've funded that-

Gilmour: You've paid what you said you were going to pay or purses. That-

Nelson: -That's right.

Gilmour: That is correct.

Nelson: Right.

Gilmour: Okay. Thank you, Dwayne. Okay. Is there any other question of members of the Commission at this point? Here's where I'm thinking about going. I'm thinking about going with the fact that while we're not pledging exact dollars that we are pledging the consistency of what we did last time with the Hub revenues through the same process that will go to purses. Now, everybody understood what I said.

Thorne: Kind of.

Gilmour: Okay. What don't you understand? We're going to do the same process-

Thorne: -We don't want to approve the actual numbers here, but we agree that if there's simply is a deficit and they expect these to be the deficit numbers, we commit to covering the deficit. Is that what you're saying?

Gilmour: I wouldn't use the word deficit.

Thorne: If we've committed - if they need extra funding for purse supplements, we may not know exactly what they need, but we will cover up to these levels what they actually need. Is that what you're saying?

Gilmour: If we have the money.

Thorne: Okay.

Gibbons: How can we plan a program, if we don't know the amount of money?

Gilmour: Well...

Gibbons: How do we add it to purses, what if it's not there, then where's the money going to come from?

Gilmour: Okay, here's my thought. There's an assumption that all the money's going to continue coming in as it has. Correct? But, if the world comes to an end...

Gibbons: We're all gone.

Gilmour: Yeah, that's the point. We're assuming that we're going to continue the flow under the same principal of distribution as the last time. Okay. With the amount that is available, right?

Thorne: I'm with you.

Gilmour: Okay.

Thorne: We can't spend more than we have. I understand that concept very well.

Gilmour: That's what I'm trying to say. Now, here's a couple of caveats. There are some issues which are being researched as pledges that we, through consistency of all the county fairs, we've agreed to pay for. We're researching to see if we have paid for all of the towers, which is in question. It's not a lot of money, but past obligations will be paid. Number one. Number two is, very frankly, I got a very concerning letter from the Oregon Thoroughbred and Breeders Association. And, I personally think that the Hub funds should continue to support bred in Oregon programs. And, I as one Commissioner want to continue doing that with the Hub funds. Do I hear any disagreement with other members of the Commission?

Gilmour: Okay.

Thorne: I would agree with that as long as we have the money.

Gilmour: That was the first caveat. Okay.

Gibbons: We thank you for having funded everything that we ask for in addition to the purse supplements, [unintelligible] they're all going to be used for purses.

Gilmour: Right.

Gibbons: We do appreciate that.

Sutton: I guess my question would be and the question that you're probably having is these programs that got dropped below the line for the Futurity and the Oregon Bred and the Insurance Premium and the Grants Pass Derby and the Far West and the Portland Meadows Mile and the Derby. They got dropped below the line, where is the funding for those?

Gilmour: If I was you, Ron, sincerely, from your side of the table, I would ask the Commission to put that on a priority list with money that exceeds your request. You're here asking for 70% of what you got last year. Correct?

Sutton: Exactly.

Gilmour: That's right.

Sutton: Plus. This was a-

Gilmour: Plus?

Sutton: Well, I'm sorry, this was an entire package that we put together –

Gilmour: -I realize that-

Sutton: -there was a line drawn at a certain point in that package and now we're changing the game, I guess. Because they've got all these – the futurities and stuff that they have to fund-

Gilmour: -That's right-

Sutton: -that we're put into this, you know, entire package and when we came here two months ago it was, you know, what needs to be funded now versus what can we wait for. And we said, okay here's the line, these are the commitments we need to make and now it's going to be a different proposal, I guess. This is, you know, the group put this whole package together and now we're changing in the middle. I guess, I'm having a hard time coming to [unintelligible].

Gilmour: We're among friends. What literally are we changing? The Thoroughbred Breeders, the Oregon Bred program, is that what we're changing?

Sutton: No. Which I don't think you have a color copy of it, but there's - you have a color copy?

Gilmour: Right.

Sutton: Essentially the stuff in red, under the Quarter Horse Association and the HBPA.

Gilmour: Right.

Sutton: And then, the stuff that was in red for the OTOBA was these two items above the line, the Matching Nominations and the Oregon Bred Stakes. So, one organization got there in the red stuff and the other two organizations have not.

Gilmour: Okay. What is the total of the reds?

Sutton: Sixty-four, eight hundred.

Gilmour: Sixty-four thousand, eight hundred?

Sutton: Yep.

Gilmour: I'm confident we'll have that money.

Sutton: And, this is the same what we said which we were in two months ago about advertising stuff now we're three weeks from the meet and we would like to advertise these programs.

Gilmour: Okay.

Sutton: I would rather -

Gilmour: - The above- the above the line for advertising, in all sincerity is what, the next six months?

Sutton: Well, if we advertise the, you know, their futurity and the Oregon bred and their Quarter Horse futurity that's in November?

Nelson: December. December.

Gilmour: Okay. Which -

Nelson: -And the Oregon Bred is in October-

Gilmour: -Which red is below-

Nelson: - so, I mean, we're –

Gilmour: -Okay. Quarter Horse Association first red is a futurity, right?

Nelson: We run the Oregon Bred Juvenile, yeah, that's the ten thousand.

Gilmour: Okay.

Nelson: First.

Gilmour: And that's first. When is that first?

Nelson: That's-

Gilmour: - Is that in December –

Nelson: - I don't have my schedule with me, but I believe that it's in early November, like the 5th. The finals are like the 5th of November.

Gilmour: Okay. Let's throw that ten thousand above the line. Okay. Now what's the next thing?

Nelson: I think our Far West is the next [unintelligible] -

Gilmour: - Next red before January? What's the next red before January?

Thorne: Oregon Bred.

Gibbons: That's our, yeah that's –

[Unintelligible]

Nelson: Well, yeah, but...

Gilmour: I know this is awkward, but we've done this every year.

Nelson: Then the five thousand is the Far West which runs the early part of December.

Gilmour: Okay, so the total is fifteen or do you want to throw the seven thousand, eight hundred in?

Sutton: Twenty-two, eight.

Nelson: Well, yeah, we need the seventy - eight and –

Gilmour: - Okay, you want to throw that one in –

Nelson: - we also need the fourteen -

Gilmour: - Okay -

Nelson: -Because that's stuff that we –

Gilmour: - Where's - I don't see a fourteen?

Thorne: It's right next to reimbursement.

Suttons: That, they've already committed to.

Thorne: That's -

Gilmour: -Yeah-

Thorne: - we've already done that-

Gilmour: - Yeah, I'm talking the first reds. January, the first reds gets us to what, twenty-two, eight?

Nelson: Right.

Gilmour: Who's better with math?

Metcalf: Yeah.

Gilmour: Twenty-two, eight?

Thorne: Sounds good to me.

Gilmour: Okay, let's throw the twenty-two, eight above the line. Okay. Now, I said this is awkward. We've done this every year. Okay. Now, above the line is how much total money. That's the next question, including the twenty-two, eight.

Sutton: Well, a lot of this has already been paid.

Gilmour: I know. I'm talking about Hub anticipated monies that you need for your advertisements and your -

Sutton: - Well -

Gilmour: - The whole thing.

Sutton: What we need is the thirty - five thousand for the Portland Meadows Mile and the Oregon Derby.

Gilmour: It's above the line though, isn't it?

Sutton: Well, it's in the red. Down below.

Gilmour: And, it's after January '07?

Sutton: Yes, the races are after January '07, yes.

Gilmour: Okay.

Sutton: Okay.

Gilmour: We got a couple more meetings. Couple more reports from Hubs. Okay? We got a big sale on Sunday. Okay. Commissioner Thorne?

Thorne: I'm good with that. I understand what they're saying. They can't just kind of say, well, maybe the money's there, maybe the money's not. So, doing something like this so that they can plan for what they're doing makes sense to me. But at the same time, everybody needs to understand that the reason we have to go through this sort of process occasionally is to make sure everybody understands that we need to be doing our due diligence to understand why, where, etc., balance it against what the balance is - all of the that because we're mandated to do that. So that's why we have to go through this discussion and I know it might seem like we're changing the rules. We're not trying to change the rules, we're just making sure that were looking at what's happening instead of just saying, how much do you need this month, here's another briefcase full of it.

Gilmour: The main problem we also have is the state runs under a bi - [biennium] and we could have done this last year and spent, which I believe we did, more than we had. And that's why we had Portland Meadows, excuse me, you guys, cover us until we got the money. Is because we did overspend. Number one. Number two is January - [rather] June 30th is the end of the biennium and we've got to pencil out so we can't literally, in my opinion, constitutionally, spend into the '06-'07 fiscal Hub fund year. So, we're going to be a little tighter this year. We're not trying to take money from you and

we're not trying to build a big pot somewhere. I think that's quite obvious. We're trying to operate under the same rules with the – [In] January, I'm sure we're going to know a lot more.

- Sutton: I would like to say that this process has been very enlightening, I think, to all of us. If money was over spent, I would hope that this committee is help to kind of oversee your, maybe - not oversee, but help with the process of getting it back into where it's in hand. I agree with you. I've sat in meetings with, you know, both you and me trying to find money the first year we did this.
- Thorne: Oh, no doubt this has helped, but at the same time, we can't send the perception that were just letting the horsemen just do what the heck they want. And we - go ahead, Ursula.
- Gibbons: I don't mean to interrupt. What helps, I think, is allowing everybody to get needs on the table before their unable to [unintelligible] –
- Gilmour: - And I suppose for –
- Gibbons: - emergency [unintelligible]-
- Gilmour: - Yes, and I apologize to your group. I do know that you went through a process and I maybe should have been asked or gave my thoughts, excuse me, prior to your presentation concerning what I think about the Oregon Bred program. It's not just Ursula, it's, I think, that program makes a difference in this state and I think - I've been sold on the program and I want to continue supporting it. That would be my only criticism. The other side of this: I'm so glad you guys could sit down and set your priorities with the restraint we're giving you at this moment. I'd love to say, you know, you can spend it all, and last year we did. If you remember?
- Thorne: Plus some.
- Gilmour: Yeah. I mean, the motion from the sub-committee was about two-thirds of what we spent. Half - yeah, it was. And, you know, that's the reality. This is reality check time.
- Sutton: I would like to say, just, I would like to, maybe, there's a perception that the Oregon Breds - I have nine horses that I own all or part of and seven of them are Oregon Breds. So, I am all for the Oregon Bred program. So, that being said, I'm wearing my HBPA hat today, we're doing some expirations on that -
- Gilmour: - Ron, you can go back -
- Sutton: - as far as the state programs gives versus what the gross pool is to the horsemen. We are doing some investigating on that. I enjoy the hell out of my check in July when I get my Oregon Bred owner's bonus. So, I am an Oregon Bred fan. And, I will be, probably, behind the horsemen's the same.
- Gilmour: Ron, you can go back and tell your group that I was the one that did it. Okay.
- Gibbons: One thing that I would like to ask is, because at 70% or at 50%, there isn't the money to support the same program that we offered last year which is 10%. At 5%, it's hardly worth writing out five dollar check, quite frankly. And so we would like the latitude for our Board to figure out how best to use this. Whether it's to supplement stakes races, whether it's to supplement the Oregon Bred race, whether it's to - at the end if there's money left over and whatever it might be added to the owner bonus pool and pay it out that way. But it would be used for owners or breeders of Oregon Bred horses as purse supplements. If that's all right?
- Thorne: Which number are you talking about?
- Gibbons: I'm talking about the 70% Portland Meadows, the bottom, under the OTOBA, it says \$45,360.
- Gilmour: Right.

Gibbons: Last year, we were allocated \$64,800 and we didn't have enough. We paid out over \$74,000. We covered that extra, between \$9 & \$10,000 from our pockets to fund that program. Oregon Breds earned almost half of the total purses last year at the last meet. So, there wasn't enough money to do this 10%. What we did was we added 10% to each race excluding stakes races or excluding the Oregon Bred restricted race, that only Oregon Breds can run in. And so any other race had this 10% of the purse. If the purse was \$5,000 there was an extra five-hundred in there for Oregon Breds. If they came in first, fourth and fifth, we paid 10% to the owner of the Oregon Bred that ran first, fourth or fifth. Whatever they earned. And so that is what I'm talking about. There just isn't the funds to do that this year. So we need to figure out how to use that money, my Board needs to figure that out. And we -

Gilmour: -Why don't -

Gibbons: - Does that make sense?

Gilmour: Yes, I understand where you're going. Why don't you talk to your Board about it and get back to us on that.

Gibbons: Okay. And that was one of those letters that I put in there if you'd like to use it for this, this or this. Because there isn't the money [unintelligible] -

Gilmour: - It's still the Oregon Bred program.

Gibbons: That's right.

Gilmour: It might not be that category.

Gibbons: Correct.

Gilmour: That's what you're trying to tell us.

Gibbons: Right.

Gilmour: Okay. Everybody else okay with that? Okay.

Gibbons: Thank you.

Gilmour: Leah?

Nelson: I have one other request. You see the \$4,000 in red down towards the bottom of the OQHRA page or column?

Gilmour: In May?

Nelson: In October, I will be putting together the new stakes book for 2006-2007 year and in that we talk about or we have a nomination form for our Triple Crown. If I have to wait until January to know or after January that I have that \$4,000 from the Hub, I'm going to be in a bad way. We really need to be able to put that in our stakes book so that it goes out to everybody so they know we're still going to have the -

Gilmour: - I got a question. Cut to the chase. Does you association have \$4,000 in a checking account that you could go ahead and put that in with the wish, hope and that you'd get on the list next. Because you're almost down to the next list. Where do you cut it off? I'm not picking on you. But, we've already gone twenty-two, eight, where do we cut the reds off?

Nelson: Well, I didn't think that the \$4,000 was a lot. So, that's why I was asking.

Gilmour: And, you know, once we said we'll do that then, I think, if I was wrong, I'd say, you know, we've got this Mile in March. I'm not picking on you.

Nelson: Yeah, but there's a big difference between \$4,000 and \$25,000, but I guess if we have to do it, we can find it somewhere. We've already subsidized the other items and have taken our checkbook into kind of a –

Gilmour: And I think in all sincerity, that you are the biggest beneficiary of our add-ons.

Nelson: Yeah, I would have to agree.

Gilmour: Thank you. Is there any other questions? We're looking for a strange motion. Jodi?

Hanson: Do you have any questions on this?

Gilmour: Yes, explain this.

Hanson: Can I ask Carol to come up?

Gilmour: Yes, Carol? You guys are done. Thank you. Okay, Carol, tell us what you brought down because I brought this story up. Okay. And we're talking about the Portland Meadows purse distribution.

Morgan: Let me take a look at the –

Gilmour: -You want to see what I'm talking about?

Morgan: Yeah.

Gilmour: You know. Seriously, I'm not picking on –

Morgan: - No [unintelligible] –

Gilmour: - anybody in this room, you know, but Commissioner Johnson is new. She's not been through this before and I'm guessing she's probably wondering what in the hell are we doing. I've forgotten a lot and that's why I ask a lot of questions. So.

Morgan: Okay. Carol Morgan, Racing Commission. Routinely the Portland Meadows provides Jodi with a copy of the purse account and, I believe, it's on a monthly basis. And then she had forwarded it to me. And in that particular spreadsheet there are two - make sure that you're looking at the correct one - it lists the breakdowns of what's in the purse account both for the Thoroughbreds and for the Quarter Horses. And there is a column there for the moneys that are provided by the Hub funds. Regretfully, I don't have a color printer, so it doesn't jump out right at you like it has in the past. We paid from Hub funds, the last payment I believe was mid-march, to the three groups that were having funds that go into the purse account and their perspective groups. To help – and you can see that heading up there on the spreadsheet. Vestal then provided what the amounts would have been for the rest of the race meet year with the appropriate totals at the bottom of each column and then ultimately coming up with a total dollar amount that was in the purse account which is combined Thoroughbred and Quarter Horse. However, there are separate columns for each of those and you can see that. What I did when those came in, after we were not providing Hub funding at that time - we had told them that we would provide it for them in November, I backed out those dollar amounts in that spreadsheet. And so the line at the bottom where I wrote in where it says red figures, those figures are the totals of each of those columns and the last race day was May 7. If you look at the total in the Thoroughbred account and the total in the Quarter Horse account, minus those Hub funds, if those had not been added into the purse account, using the spreadsheet that Vestal provided, it still came out in the black.

Gilmour: Okay. Now, I followed that.

Morgan: Now whatever you do with that, I mean, that's totally up to you.

Gilmour: Right.

Morgan: But I was trying to determine how much money was actually in the Hub account that was actual, that had not been supplemented by Hub funds given the point in time in which we were not providing those funds. Any questions?

Thorne: So, we still ended up in the black despite the ...

Morgan: Yes, it was definitely lower.

Thorne: Okay.

Morgan: But, using the formulas that were already in place in the spreadsheet - I didn't alter the formulas at all as far as the calculating.

Gilmour: And that refers back to my comment concerning that the Portland Meadows purse account is not today in the red.

Morgan: No, and based on the report that Vestal had provided us, it wasn't either, at the end of the race meet.

Gilmour: Which, you know, you don't beat somebody because they performed. And the past two end of seasons, I believe too, Portland Meadows purse account was definitely in the red of which we did make up for out of Hub funds prior to last year's allocation formula that went in the '05-'06 races.

Morgan: That's right.

Gilmour: That is correct?

Morgan: That is correct.

Gilmour: Okay. Did you follow that? I think I've got it.

Thorne: Yeah, I kind of did.

Gilmour: Okay. Carol, thank you very much because I opened that can of worms just for a point which I believe it's been made. Okeydokey. Anymore discussion? Now, can we have the awkward motion? Commissioner Thorne?

Thorne: Yes. I move that we approve, looks like twenty-two, eight of the red items beneath the line for distribution to the Oregon Quarter Horse Race Association people.

Gilmour: To be revisited in the December, if not –

Thorne: Well, these are going to be approved and then –

Gilmour: - Right -

Thorne: - we'll revisit things -

Gilmour: - Right. We're going to -

Thorne: - in December.

Gilmour: Where we are at - this lets the programs get printed, the condition book get rolling, some commitments to some featured races and the Oregon Bred program intact. As far as we know, under the current conditions that we know is going to happen, subject to review on the - I don't know, Carol, December's probably not the best month to review it, is it? We'll try to do it in December. See where our Hub funds, where it's going.

Morgan: I think - yeah, if we can.

Gilmour: Plus we don't know how much more Portland Meadows is going to put in the purse account, yet. Okay, anybody disagree with that motion? Hearing no disagreement.

This agenda item was revisited later during the course of this meeting. For purposes of clarity, the following is a transcript of that continued discussion:

Gilmour: Okay. Now there needs to be a clarification and a confirmation of an item that was overlooked and that is on [the agenda as] item number three [Joint Horsemen's Committee Proposal]. First of all, the clarification: The Commission's vote, at that time, was to approve the allocation of the blue, okay, which constitutes, basically, the 70% level with the inclusion of the Oregon Thoroughbred Breeders group to return to past allocations that had been done in the past. And, that we did include three items in the red under the Oregon Quarter Horse Association. I believe that Commissioner Thorne would like to add another \$4,000 because of the need to buy the insurance premium prior to. Making a grand total of \$26,800. Is that correct?

Thorne: That is correct. And just a note on this blue: There was confusion - what we did not do is say, we will absolutely pay these amounts. What we did do is commit to those amounts up to the point that we have money to pay those amounts. That's why and the point - the why we are specific about this is because we are in a biennium basis. We can not go into deficit this year in our biennium. So we just can't pay money and go into deficit like we've done in the past. So, we made a, essentially, a commitment-

Gilmour: -To all [unintelligible]-

Thorne: - contingent upon funds available.

Gilmour: And will review it in January -

Thorne: - And will review it as we go forward -

Gilmour: - meeting, at the latest.

Thorne: So, that's what the blue is about. And then, as far as the \$4,000 for the Quarter Horse Association, obviously, it came to our attention that that insurance premium needs to be paid right away. Therefore, the proposal is to include the - now include the \$4,000 into the previous proposal. Do we need a motion to do that?

Gilmour: I think we did. Let's take another motion on that because it's not the same motion that we clarified.

Thorne: Okay. So I'm going to move to add the \$4,000 for that insurance premium for the Quarter Horse Association.

Gilmour: Okay. Is there any objection to doing that with that clarification? Hearing none, it's so ordered.

End Transcript.

ACTION: MOTION (Thorne) Approve the request by the Joint Horsemen's Group to distribute Hub funds to the Oregon Quarter Horse Racing Association as follows: \$10,000 for Futurity; \$7,800 for Oregon Bred; \$5,000 for Far West and \$4,000 for Insurance Premium for a grand total of **\$26,800**. Note: Other funds requested by the Horsemen's group will be reviewed in December or January as funding becomes available.

VOTE: 4 Aye, 0 Nay, 1 Excused

At this time the Commission entered into Executive Session and upon their return continued with the next agenda item.

5. Washburn Farm Issue

Commissioner Metcalf made the following public comment regarding the Commission's discussion during Executive Session on this case and the resulting action taken per the recommendation of the Assistant Attorney General: "I don't think any of us viewed it any differently than as a tragic, tragic incident that occurred. When something like this happens, is there any way that we can make something positive come of it? To me, as a Veterinarian, it doesn't matter to me if it's one dog that dies in a car that doesn't have adequate ventilation, or 35 greyhounds that die. The point is it still requires public education that these dogs - their lives are fragile. They are very sensitive to hyperthermia. Is there anyway that we, through the ORC especially, because we will come under scrutiny for closing this case, can turn this into some sort of positive outlook in educating the public as to what can happen to dogs. We see commercials on TV that talk about this. Is there any way publicly that we can once again make a statement to educate the public about dogs - all animal's sensitivity to hyperthermia.

ACTION: MOTION (Gilmour/Johnson) To close the case regarding the Timberline Kennel incident, License #14119.

VOTE: 4 Aye, 0 Nay, 1 Excused

6. Summer Race Meet Reports

Bob Blair, Presiding Steward, was present to answer questions. Information and discussions included the following:

a. Tillamook County Fair Race Meet Report:

Tillamook's race meet was very successful; no riders or horses were injured. There were 23 races; nine jockeys, which supports the fact that the jockey incentive program is working; 38 trainers; 104 horses and 125 starters. The handle was \$115,140 which was up \$4,271 over last year; the last time they had an equivalent handle was 1987.

The Fair Board is looking forward to a new grandstand and jockey's room for next year as they get ready to celebrate their 100th County Fair and Race Meet.

b. Harney County Fair Race Meet Report:

Harney County's Meet was very successful; no riders injured, only one horse injured - pulled up lame. There were 18 races; 11 jockeys, compared to three or four years ago when they had had only 2 jockeys; 29 trainers; 111 horses and 105 starters. The handle was \$27,384 which was up \$8,244 over the previous year; the last time they had its equivalent was 1989.

Harney County built a new test barn this year - the best one in the state. Management also added TV monitors in the grandstand and in the beer garden.

7. Report on Jockey Incentive Program for 2006

Bob Blair, Presiding Steward, was present to answer questions. Information and discussions included the following:

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This year, the incentive program proved successful serving it's purpose to encourage riders to ride starters at the fair meets. For example, at the Harney County Race Meet, seven of the eleven riders rode at all five fairs.

⇒ Jodi Hanson, Executive Director, announced that Bob Blair created an informational handout that included a photo of the jockeys who participated in the incentive program this year. She explained that it would be distributed to industry and association newspapers such as the Thoroughbred Times. She stated that the checks had been requested and anticipated that they would be available to the jockeys next week. She thanked everyone for their support this year, adding that the program would probably be reviewed for next year.

8. Portland Meadows 2006-2007 Stakes and Purse Schedule

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

Portland Meadows opening day is Sunday, October 8th.

Enhancements at the track during the summer include: Change in tote companies which will allow patrons to make paperless wagers through on-track accounts; personal wireless handheld devices at the patrons' tables and at the tar mat; improved infield display board; installation of 10 to 15 inch plasma display screens; addition of an 8 x 24 foot message board; and will be installing an electronic timing system and launching a Player Awards Program.

In their overall purse schedule, anticipate a 20% increase in their overnight and stake events. Eliminated some of the stakes schedule on the open program but increased some of those purses and modified the overnight purse schedule with the objective of increasing the quality of herd racing in this state.

Currently, there are about 400 horses with the number of stall applications and trainers the same as last year. The majority of the trainers will be at Portland Meadows a week before the meet starts.

Bi-weekly Track Committee meeting was held and everyone seemed to be pleased with the track. Material will be added to the track on Monday.

In partnership with the horsemen's group, some roof repairs in the back are in progress. They are replacing/covering three barns currently at a cost of \$100,000 and utilizing the backstretch improvement fund.

9. Oregon HBPA 2006-2007 Fiscal Budget Request

Dick Cartney, Executive Director, Oregon HBPA, was present to answer questions. Information and discussions included the following:

This year's fiscal budget is basically the same as the previous year with a few changes. The Benevolence program's budget decrease a little bit due to a drop in requests. The decrease can be attributed to the fact that there are

no longer living facilities on the back side so there are fewer and fewer backstretch workers and thus fewer requests. Postage the previous year was \$8,000, but dropped to \$2,000 and that difference is attributed to the election year which occurs every three years. And the increase in employee medical is due to adding the Executive Director on that plan.

⇒ Executive Director Hanson recommended approval of the budget.

ACTION: MOTION (Metcalf) Approval of the Oregon Horsemen's Benevolent & Protective Association's proposed budget for 2006-2007.

VOTE: 4 Aye, 0 Nay, 1 Excused

10. OTOBA 2006-2007 Fiscal Budget Request

Ursula Gibbons, Executive Director, Oregon Thoroughbred Owners & Breeders Association was present to answer questions. Information and discussions included the following:

The proposed budget for 2006-2007 is very similar to the previous year's with a noted reduction in the amount believed to come in from the OTOBA sale; they plan to break even this year.

Requested, specifically, that the Commission approve the expenditure of the breakage income that they receive from Portland Meadows and the summer fair race meets.

⇒ Executive Director Hanson recommended approval of the breakage income expenditure.

ACTION: MOTION (Metcalf) Approval of the 2006-2007 Oregon Thoroughbred Owners & Breeders Association budget proposal and the disbursement of the breakage income received from Portland Meadows and the summer fair race meets.

VOTE: 4 Aye, 0 Nay, 1 Excused

11. Confirmation of Next Commission Meeting – October 19, 2006

All Commissioners in attendance stated that they would be present at the next meeting.

12. Initiate Rule Making for Revisions to Rules of Racing, Divisions 110-160

Executive Director Hanson explained that the Stewards and staff have been working on house keeping revisions and certain minor rule changes for the last several months and requested approval to initiate rule making. She stated that the revisions will probably be ready to go to hearing in November and will be available for review at that time.

ACTION: MOTION (Thorne) Initiate rule making for revisions to Rules of Racing, Division 110-160.

VOTE: 4 Aye, 0 Nay, 1 Excused

13. Instant Racing

Scott Daruty, Magna Entertainment Corp., was present to answer questions. Information and discussions included the following:

Requested that the Commission approve Instant Racing as an additional type of wager that Portland Meadows will be offering during the 2006-2007 Race Meet; an amendment to their previously approved license application.

In 2003, the Commission adopted a rule which authorized this particular type of wager. The wager will be placed through a tote terminal, but will vary from the typical terminal because it will have different graphics and software.

⇒ In response, to Chair Gilmour's questions, Mr. Daruty provided the following additional information:

They plan to have fifty of the new tote terminals introduced at Portland Meadows in the beginning of 2007 with an additional 100 installed six to eight months after that.

They currently have no plans to install this type of tote terminal at the Off-Track Betting sites, but conceded that it would be the next logical step.

Revenue projections for this new wager are difficult to forecast as they've never been in this market before in the way that they are going to have them. Mr. Daruty stated: "We will have failed if all that happens is people who are at Portland Meadows play these games instead of betting through the windows. That is not the intention. The intention is once we get them there, get a nice environment, that we will be able to market and promote and bring new people to the race track, bring new dollars to the industry and, hopefully, convert some of the new Instant Racing fans into traditional pari-mutuel wagering fans." He added, "We have an agreement with the horsemen in substance as to the portion of the wagers that go into the purses. My understanding is they have a Board meeting later tonight so it hasn't been formally signed yet, but we believe everything is fine. We also have had some discussions with the breeders as to the share of these wagers that are going to go to the breeding industry. We see it as something that's not just good for the track, but it's also going to boost purses, boost money to the breeders, boost additional tax revenue to the state and ultimately everybody wins."

ACTION: MOTION (Thorne) Approve the Instant Racing Wager as an Amendment to Portland Meadows 2006-2007 Race Meet License Application.

VOTE: 4 Aye, 0 Nay, 1 Excused

14. Petition for Review – Patrick A. Gleason

The Commission took no action on this matter.

15. Approval Authority for Individual License Applications at the Hubs.

ACTION: MOTION (Gilmour) Delegate Application Approval Authority to Executive Director Hanson for those Individual's Applying for Licenses to work at the Hubs.

VOTE: 4 Aye, 0 Nay, 1 Excused

16. Petition for Review – Ramond M. Wilson

ACTION: MOTION (Metcalf) Deny Settlement Agreement

VOTE: 4 Aye, 0 Nay, 1 Excused

17. Public Comment

None

There being no further business, the meeting was adjourned.