



MINUTES

Oregon Racing Commission November 20, 2014

Meeting Detail

The Oregon Racing Commission (ORC) met on Thursday, November 20, 2014 in Room 1A of the Portland State Office Building (PSOB) located at 800 NE Oregon Street, Portland, Oregon

Call to Order

Commission Chair, Chris Dudley, called the meeting to order at 1:30pm

In Attendance

Commissioners: Chair Chris Dudley, Vice-Chair Charlie Williamson
Commissioner Jan Palmer, DVM, Commissioner Michael Huber, DVM and Commissioner Angel Baez

Staff

Jack McGrail, Executive Director and Kelly Gabliks, Assistant Attorney General

AGENDA ITEMS

Approvals:

November 20, 2014 Meeting Agenda

Action: Motion to approve the agenda as submitted, with the exception of 4 days of racing, which is postponed until the next meeting.

Moved by: Vice-Chair Charlie Williamson

Seconded: Commissioner Michael Huber, DVM

Vote: Chair Dudley took roll and the results were unanimous with 5 Ayes, 0 Nays

October 16, 2014 Meeting Minutes

Action: Motion to approve the October 16, 2014 Commission Meeting Minutes as submitted.

Moved by: Commissioner Michael Huber, DVM

Seconded: Commissioner Jan Palmer, DVM

Vote: Chair Dudley took roll and the results were unanimous 5 Ayes, 0 Nays

Old Business:

Sub-Committee Update Reports:

a. Advanced Deposit Wagering (ADW) and Multi-Jurisdictional Hubs

No Report

b. Best Practices

No Report

c. Budget and Hub Funds

No Report

d. Medication and Horse Welfare

Commissioner Huber reported the sub-committee had discussed two items. The first was the RMTTC Consortium recommendations for racetracks. The committee plans to go forward with the proposed rule, publish that, make it avail to horsemen by mid-January and have a stakeholders meeting at Portland Meadows the first week of February to discuss it before voting on proposals.

The second item discussed was the use of Clembuterol in horse racing and means to test for the drug, including blood, urine and hair testing. No decision was made.

e. Executive Director's Report

Executive Director Jack McGrail stated that the commission has signed an agreement with Gaming Laboratories Inc. to provide certification and testing of wagering menu at Instant Racing terminals. A mutuels auditor is going over the tote report that will issue from these terminals, getting up to speed on what is needed. Investigators and licensing personnel at PM are ready to meet the challenge of regulating the new parimutuel wagers.

Director McGrail reported that a Commission Supervisor of Account Wagering Hubs has been hired. The successful candidate has a wealth of experience in the business world and as an executive. Director McGrail noted that the recruitment yielded a number of highly qualified candidates. Connie Woods Winn will start with agency at the end of the month.

Director McGrail noted that he had approved Portland Meadows' request for a change in its live racing schedule to Tuesday racing instead of Wednesday, which started last Tuesday. It has been reported that reduced competition on Tuesday has helped handle, as fewer tracks run that day.

Director McGrail reported that Hub Fund requests are due between February and April, with a qualified decision on those requests made at that time. He noted that budgets are a moving target, as revenues increase and decrease. He added that the commission must regulate the industry, but commissioners want – and the agency's policy is – to return available funds to the industry when possible. The commission needs to maintain enough revenue and cash balances to be able to regulate as required.

Director McGrail thanked Kelly Gabliks, who has announced her retirement, for her years of state service. He joked that Gabliks had said she plans to start wagering now, which will increase handle substantially.

Director McGrail introduced Connie Woods Winn as the new ADW supervisor hire.

Action: Motion to hire Connie Woods Winn as the Commission Supervisor of Advance Deposit Wagering Hubs.

Moved by: Commission Vice-Chair Williamson

Seconded: Commissioner Huber

Vote: Chair Dudley took roll and the results were unanimous 5 Ayes, 0 Nays

f. Future of Racing in Oregon Group (FROG) update

Commissioner Palmer stated that the group met and that the meeting was well attended. Discussion covered the organization of bylaws and articles of incorporation, as well as the post-racing aftercare program, with more on that expected next month. Also discussed was participation in the Macy's parade, funded by FROG, on the day after Thanksgiving.

g. Portland Meadows Report

Will Alempijevic, General Manager of Portland Meadows (PM), gave a report on live racing and wagering. He noted that last year's schedule started in July, so a comparison of the current year to the last one was not apples to apples. Through Nov. 16, PM had run 11 race days (30 days in previous meet at same period). More than 600 horses are on the grounds, which helped with a field size of 8.03 runners per race vs. 7.65 in previous meet.

Alempijevic reported average purses paid per day are \$56,600 vs. \$55,900 last meet. Purses are slightly lower on average, as PM dropped purses marginally due to impacts on available purse account. The handle has been strong, with an average of \$42,172 per live race day vs. \$38,381 at this point in the previous meet, an average increase of 9.88%. Gross figures are different, due to comparing 11 race days vs. 30 in previous meet. Off-track betting at sites managed by PM in Oregon is \$6,100 per live race day vs. \$5,100 last year. Export sales are down a bit from previous meet: \$360,843 per day this year vs. \$389,229 in previous meet.

Alempijevic said all things considered, the meet was off to a successful start, with good field sizes and strong Sunday attendance both on the track and in the export market. He noted that \$300,060 is the daily average in export sales, but on the first Tuesday following the change in race day, PM did \$600,058 in export sales. This was highest handle of the meet by far. Although some costs, such as printing, were associated with changing race days, Alempijevic said they did not compare to the potential cost of a significant shortfall of revenue, leading to a shortfall of operations funding. If Wednesdays had continued as they were going, PM would have likely had to reduce two race days or drop purses. Alempijevic said the change from Wednesday racing was done on short notice, but not without a lot of thought. PM might hit the million-dollar mark on some Tuesdays, which would help with operational and purse funds and perhaps generate enough money to provide a surplus for future race meets.

Alempijevic said comparing wagering in Oregon, calendar year over year, since Jan. 1, PM's on-track handle is down 9%, \$13 million vs. \$14.4 last year. Off-track betting sites

processed \$11 million this year vs. \$12.8 million last year, a drop of 14.3%. Overall, PM this year has processed \$24 million in Oregon vs. \$27.2 million last year. Part of that shortfall, \$750,000 is due to the schedule change -- 11 days vs. 30 days of racing. However, that doesn't account for the whole \$3 million, as there are outstanding issues still prevalent in the horseracing industry and Oregon.

Alempijevic noted that PM is continuing its efforts to get people to PM and off-track betting sites and then to educate them. He cited promotions for Breeders' Cup, including Mystery Vouchers, and next month's Oregon Championship Day, which would include a Craft Brew Fest, marketed as a uniquely Oregon event.

Chair Dudley asked if the recent cold snap had affected racing conditions. Alempijevic replied that it did not, as the track did not freeze. One training day was lost.

New Business:

Possible adoption of proposed rules:

Claiming rule

Vice-Chair Williamson, the hearings officer, said the only testimony on the rule was from (Randy) Evers, who testified in favor. The rule, similar to one in California, states that if a claimed horse dies in a claiming race or has to be put down on the track by the state veterinarian, the horse doesn't change hands.

Action: Motion to adopt amendments to ORC 462.150-0030, claiming rules

Moved by: Vice-Chair Williamson

Seconded: Commissioner Baez

Discussion: Chair Dudley(?) asked how often this happens. Chief Steward Martin Hamilton said not very often, citing one incident last year of a claiming race in which a horse suffered a catastrophic injury. Commissioner Huber asked what standards the state veterinarian would use to determine if a horse is euthanized. Would they use the catastrophic guidelines? Chair Dudley (?) replied this does not change anything in that regard.

Vote: Chair Dudley took roll and the results were unanimous 5 Ayes, 0 Nays

Chair Dudley (?) stated that he thought the commission needed to meet next month to discuss Instant Racing and set up testimony.

5. Oregon Thoroughbred Owners and Breeders Association (OTOBA)

Lynnell(?) Smith of the OTOBA reported on the upcoming Stallion Stakes Race, in which people can buy at auction donated breedings to stallions from the Northwest and around the country. Seven horses, what she characterized as good turnout (last year the race barely filled), are entered in the race; two are Washington bred, the rest are Oregon bred. The race, with a goal of promoting the breed in Oregon, is open to progeny of the stallions participating in the auction.

Smith noted that Oregon Championship Day was coming up Dec. 14, when all the races are for Oregon-bred horses. The OTOBA will give out key chains, have a table and raffle

a TV to support the OTOBA's scholarship. She invited commissioners to join OTOBA in the winner's circle in presenting prizes that day.

Smith announced that in January, the OTOBA would produce its first breeding issue of its magazine, with stallion ads and articles on breeding. The magazine would be used to reach out to race fans, equestrians and breeders across the region.

Smith said the OTOBA is working with FROG on funding for its breeder's incentive, a program vital to save breeding in Oregon. Members of the nonprofit OTOBA feel these programs will encourage breeding in the state. Smith said 62 horses were bred in Oregon this year; about half will make it to the track – not enough to sustain the breeding industry and horseracing.

6. Discussion of Possible Approval of 2015 Commission Meeting Dates

Chair Dudley said proposed dates are the third Thursday of each month. Following brief discussion of what meets the commission attended last year, Commissioner ??? proposed adoption, but suggested looking into whether the commission can afford to go to Grants Pass. He noted it's good to get out and see what's happening at the fair meets. Chair Dudley stated going to Grants Pass would likely replace the June or July meeting.

Action: Motion to adopt dates and follow up on whether to travel to Grants Pass

Moved by: Vice-Chair Williamson

Seconded: Commissioner Baez

Vote: Chair Dudley took roll and the results were unanimous 5 Ayes, 0 Nays

Discussion and Possible Approval of the December ORC Meeting

Chair Dudley said Vice-Chair Williamson had expressed concern about whether the commission would be ready to adopt Instant Racing rules in December. Vice-Chair Williamson said he thought it was important to adopt before Portland Meadows goes online. Chair Dudley asked whether a special meeting could be held by phone. Williamson noted that Indian tribes had opposed the rule, legal advice might be needed and people might want to attend. Chair Dudley advocated for waiting until Dec. 18.

Action: None taken

Information, Materials and Approvals:

None

Contested Cases:

None

Other Business As May Properly Come Before the Commission:

None

Public Comment:

None

Confirmation of the Next Commission Meeting:

The next ORC meeting will be Thursday, December 18, 2014, at 1:30pm in Room 1A of the Portland State Office Building located at 800 NE Oregon Street, Portland, OR 97232

Adjournment:

Action: There being no further business, the meeting was adjourned at XXXp.m.

Moved by: Commissioner Michael Huber, DVM

Seconded: Commissioner Angel Baez

Vote: Chair Dudley took roll and the results were unanimous with 4 Ayes, 0 Nays