



MINUTES

Oregon Racing Commission October 16, 2014

Meeting Detail

The Oregon Racing Commission (ORC) met on Thursday, October 16, 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, Commissioner Jan Palmer, DVM, Commissioner Michael Huber, DVM and Commissioner Angel Baez

Staff

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

Excused

Vice-Chair Charlie Williamson

AGENDA ITEMS

Approvals:

October 16, 2014 Meeting Agenda

Action: Motion to approve the agenda as submitted.

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

September 18, 2014 Meeting Minutes

Action: Motion to approve the September 18, 2014 Commission Meeting Minutes as submitted.

Moved by: Commissioner Michael Huber, DVM

Seconded: Commissioner Angel Baez

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

Old Business:

Sub-Committee Update Reports:

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

No Report

b. Best Practices

Chair Dudley stated that the agency's officer election policy states that the ORC is to have an election of officers every two years. He stated that he is finishing his second year as Chair. He provided the history that resulted in extending the term for Stan Robson. The term was extended by vote for one year but the policy was not changed. Chair Dudley stated that he is willing to serve one more year in order to return the timing of elections to an odd numbered year. He stated that another option is the ORC could take a vote to amend the policy to have elections for new leadership in November or December. He asked the Commissioners for input and discussion.

Commissioner Huber asked Chair Dudley if he was interested in serving an additional year or would it be easier to change the election policy to an even number year beginning with this year. Chair Dudley stated that he would be willing to extend his service for a year in order keep the policy the way it is.

Action: Motion to keep the elections policy as it is currently and extend the service of the current Chair and Vice-Chair for a year.

Moved by: Commissioner Michael Huber, DVM

Seconded: Commissioner Angel Baez

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

c. Budget and Hub Funds

No Report

d. Medication and Horse Welfare

No Report

e. Executive Director's Report

Executive Director Jack McGrail stated that the Portland Meadows race meet is off to a great start with good field size and great weather. He stated that the ORC Veterinarian has posted her hours in the racing office and on her door and that her days off are Mondays and Thursdays. Director McGrail stated that the licensing office will be open seven days a week and the hours are posted on the door of the licensing office.

Director McGrail reported that the Supervisor of Advance Deposit Wagering Hubs recruitment has closed and the agency has nine interviews scheduled for next week. He stated that the agency received a number of qualified candidates.

Director McGrail stated that Josh Dieringer, Mutuels Auditor for the ORC attended the Annual National Simulcast Conference that was held in Florida. He stated that the ORC needs to be present at these conferences. Mr. Dieringer collected information on trends in the industry and was able to have conversation with some of our ADW licensees.

Director McGrail stated that prior to the November Commission meeting, the ORC will hold an informal stakeholders meeting and the formal proposed rules hearing. The proposed rules are to amend the claiming rule and adopt rules for instant racing. The informal meeting will be held on October 30 and the formal rules hearing is scheduled for November 17, 2014.

Director McGrail stated that there are a couple of national notes to share. He stated that tracks in Virginia and Massachusetts have closed in the past couple of weeks. He stated that with these events having taken place that it is a real testament to the cooperation and work of the horsemen, the frog group and the commercial track operator here in Oregon. He stated that because of their hard work Portland Meadows was not one of the tracks that closed. He stated that here in Oregon there is optimism and commended the parties for getting the work done.

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

Commissioner Palmer stated that the group met and that the meeting was well attended. The group discussed the Macy's holiday parade and the Welcome Back BBQ.

g. Portland Meadows Report

Will Alempijevic, General Manager of Portland Meadows (PM) stated that the PM report is for opening day only. He stated that PM had eleven races with eighty-six starters. He stated that the average field size was 7.82 per race. The quarter horses were a little better represented with an average field size 8.75 versus 7.29 for thoroughbreds. Total purse money paid out was 64,000.00. He stated that this is artificially high because PM will have only ten races per day going forward.

Mr. Alempijevic stated that it was a great day. PM had \$105,000.00 in on track wagers for the day which is a remarkable number for PM. He stated that according to his colleagues this is only the second time ever that the on track wagers reached that number.

Mr. Alempijevic stated that PM did \$345,000.00 in export sales on opening day. He stated that going forward they will be in competition with Turf Paradise for the wagering dollar on Sundays. He stated that PM has over 600 horses on the backside at last count.

Mr. Alempijevic stated that PM is trying to have one big event day each month. The next one is November 2 which will have stakes races.

New Business:

Discussion and Possible Approval of a Temporary Rule:

Director McGrail stated that the single shareholder sub-chapter S corporation rule has been discussed for a while and aligns with our policy of trying to promote good business practices. The ADW's have a rule currently in place that allows a single member LLC to be an account holder. This rule simply adds a single shareholder sub-chapter S corporation to achieve the same status. Director McGrail stated that Vice-Chair Williamson couldn't be here today but is in support of this rule amendment.

Commissioner Huber stated the need and justification for the temporary rule.

Need for Rule:

The fees paid by Advance Deposit Wagering licensees (ADWs) are critical to the ORC's ability to survive and to promote the best interests and good conduct of horse racing in

Oregon. The fees paid are based on the total gross receipts of mutuel wagering that each ADW receives from its account holders. Our ADW licensees are losing business because the subchapter s corporation option is not currently available to ADW account holders. With wagering volume shrinking and unregulated off shore entities continuing to siphon players away from regulated licensees, it is essential that the ORC offer ADWs the ability to compete. This rule change is consistent with another recent change that allowed single member LLCs to be ADW account holders.

Justification for Temporary Rule:

The Commission finds that failure to act promptly will result in the failure of our ADW licensees to be able to capitalize on the wagering that will be made on one of the biggest events in racing, The Breeders Cup, scheduled for October 31-November 1. This failure reduces the gross wagering receipts of each licensee, and the corresponding fee paid to the Commission.

Action: Motion to approve a temporary amendment to rule 462-210-0010 (15) by adding a single shareholder Subchapter S Corporation in which the shareholder is a natural person at least 18 years of age.

Moved by: Commissioner Michael Huber, DVM

Seconded: Commissioner Angel Baez

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

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, November 20, 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 2:00p.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