



MINUTES

Oregon Racing Commission February 19, 2015

Meeting Detail

The Oregon Racing Commission (ORC) met on Thursday, February 19, 2015, in Room 1A of the Portland State Office Building (PSOB) located at 800 N.E. Oregon Street, Portland, Oregon.

Call to Order

Commission Chair Chris Dudley called the meeting to order at 1:30 p.m.

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

AGENDA ITEMS

Approvals:

February 19, 2015, Meeting Agenda

Action: Motion to approve the agenda as submitted.

Moved by: Vice-Chair Charlie Williamson

Seconded: Commissioner Michael Huber, DVM

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

January 23, 2015, Meeting Minutes

Action: Motion to approve the January 23, 2015, Commission Meeting Minutes as submitted.

Moved by: Vice-Chair Charlie Williamson

Seconded: Commissioner Angel Baez

Vote: Chair Chris Dudley took roll and the results were unanimous with 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

Commissioner Palmer reported that the committee met this morning and discussed the upcoming 2015-2017 budget and the ending balances for 2013-2015. She said there were pluses and minuses. Among the pluses: the start of Instant Racing; House Bill 2719, if approved; an unfilled position on the ORC staff. Minuses include: legal issues that might result in unexpected legal fees that will affect the 2015-17 budget; health of some of the ADWs; Outs (unpaid win tickets) that were less than projected; a dog-racing bill before the Legislature that might ban dog-racing in Oregon and may or may not affect wagering.

Chair Dudley stated that he attended the Ways and Means subcommittee hearing on the budget. There was a thorough discussion of what the Commission does, that it is an Other Funds agency and because of this contributes funds to the state. Dudley characterized the subcommittee as very supportive of racing and the Commission. The committee was very interested in supporting fairs and community-based racing around the state. A work session is pending. The meeting went well, he summarized.

d. Medication and Horse Welfare

No Report

e. Executive Director's Report

Executive Director Jack McGrail congratulated the Commission staff, Portland Meadows and its track crew on the reduced catastrophic injury rate for the just-ended Portland Meadows meet, noting that there was only one catastrophic injury during the entire meet. He stated that many components contribute to a safe racing surface, including a committee evaluating the surface, veterinary inspections and scratches when advisable, and stewards advising the jockeys about safety. One mistake can cause a significant accident, he said, but the jockeys did a good job of riding safely, as did the stewards of advising them.

Director McGrail reported that there are a few backstretch improvements that have been approved and the funding for those repairs will come out of the Backstretch Improvement Fund. Will Alempijevic of Portland Meadows will provide those details in his Portland Meadows (PM) report.

Executive Director McGrail praised Dean Noyes of the Crooked River Round-Up in Prineville (CRRU) and Rod Lowe of Grants Pass (Southern Oregon Horse Racing Association, SOHRA) for moving their meets to accommodate the Eastern Oregon

Livestock Show (EOLS) dates. Noting that the fair meets are important and one was almost lost this year because of scheduling conflicts, McGrail suggested that all parties involved look at their calendars earlier next year to avoid and resolve any similar conflict. The dates for the three meets are up for approval by the Commission.

Regarding ADW, the Commission and Connie Winn are continuing to work on audits and are caught up on the audit backlog, Executive Director McGrail reported. Winn recently did on-site audits in Philadelphia and Pittsburgh. At an ADW committee meeting next month, she will present other audits to be conducted locally.

Executive Director McGrail echoed Chair Dudley's opinion that the budget presentation before the House Ways and Means budget subcommittee went well. He anticipated a governor's approved budget would not be available until June but was optimistic that the figures presented would be approved. The Executive Director noted that factors that might change the current biennium's budget, for the good, include HB-2719, which if made law, would redirect HUB funds to the Commission for allocation. Expectations are that Instant Racing's handle will improve and be a source of revenue for the agency, as well. Both new developments would help the agency's budget.

Commissioner Palmer asked about catastrophic injuries at the fairs, to which Executive Director McGrail replied there had been one at Union. Commissioner Huber said that from June 1 to June 1, that meant a total of two statewide. Executive Director McGrail said that was correct. Chair Dudley noted that was an improvement from past numbers and the Executive Director added that currently Oregon is below the national average as well as the legislative target 1.5 per 1000 starters.

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

Vice-Chair Williamson stated that he attended the FROG meeting. Leah Nelson requested contributions to FROG and that the ORC's contribution has been \$1,500 in the past.

Action: Motion to make an annual contribution to FROG of \$1,500 provided funds are available.

Moved by: Vice-Chair Charlie Williamson

Seconded: Commissioner Jan Palmer, DVM

Discussion: Commissioner Huber asked what the total budget was. Commissioner Williamson replied that it was about \$7,000, which is spent on special projects to promote racing, such as the Macy's Day Parade, the Ambassador Program, Horseman's Day and the Welcome Back Barbecue. Commissioner Huber wondered whether the budget promoted racing in general or targeted Portland Meadows. He asked whether anything was done to promote fair meets, such as barbecues or enhancements. Vice-Chair Williamson said a budget and goals committee had been appointed – Lynnelle Smith, Leah Nelson and Jerry Kohls – to investigate how the budget should be spent. Commissioner Palmer noted that FROG had also funded part of the economic impact study, which will be repeated every four or five years. Commissioner Huber asked about records of spending and whether FROG had a current balance. Vice-Chair Williamson said the balance was under \$1,000.

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

Vice-Chair Williamson added that Executive Director McGrail had addressed FROG regarding its eligibility for HUB funds and the summer fair meets. Will Alempijevic of Portland Meadows had reported on Instant Racing.

g. Portland Meadows Report

Will Alempijevic, General Manager of Portland Meadows (PM), gave a report on live racing and wagering. He began with a report on safety. With one catastrophic breakdown out of 2,710 starters, the track's breakdown rate was 0.369 per thousand. National 2014 numbers are not available yet from the Equine Injury database, but Mr. Alempijevic said he thought 2013 numbers averaged 1.90 for all surfaces, noting rates varied by surface. Breakdown rates on dirt would be higher, he said, perhaps 2.25. Besides the diligence of Portland Meadows and ORC staff, Alempijevic credited horsemen and -women for knowing and caring for their animals. PM meets regularly with the horsemen to discuss track surface and the ORC to discuss safety. Mr. Alempijevic said track safety, and the analytics and metrics involved, were the culmination of an effort beginning several years ago with the visit of track consultant Dan Koon. Mr. Alempijevic added he could think of only a single incident this year when two or three horses clipped heels and fell, but no injuries resulted.

Commissioner Huber noted that on Oregon Derby Day, after three days of heavy rain, he was impressed by the track surface and how it was being conditioned between races. Compared to 10 years ago, the track is much better shape and comes together nicely between races, he said.

Mr. Alempijevic reported on the meet, which ran Oct. 12, 2014, through Feb. 10, 2015. PM had 36 days of live racing with one cancellation this year vs. 49 days with one partial cancellation last year. The average runners per race were marginally up: 7.61 vs. 7.56. PM had expected that number to be significantly stronger. The 2013 meet raced in the summer, competing against Emerald Downs, which is thought to affect field size, he said. Until the end of December, field size was 7.94, but the meet did not finish strong, which affects handle. PM is still evaluating the reasons, he said. There were not a lot of people shipping out, so maybe the horses simply got tired. In a longer meet, this is the point where they would have been given a break and brought back for the second half of the season.

Mr. Alempijevic stated that total purses paid were just over \$2 million, for an average of \$56,000 per day vs. almost \$56,000 daily last year. The goal was to maintain the average daily purse schedule in spite of having less revenue. PM ran 13 fewer race days because it had less money to pay out in purses. Last meet, the horsemen contributed \$400,000, which is the equivalent of seven or eight race days.

PM continues to see 5 to 7 percent declines on the import handle due to difficulties in the OTB network, aging facilities, the surcharge, the ability of bettors to wager online without paying a convenience fee, he said. The result is less money to pay out in purses. There was a \$700,000 difference year over year in gross purses paid out.

Mr. Alempijevic reported that PM was happy with the handle. On track, the average was \$36,500 on live race days, an increase of almost 7 percent from last year's \$34,000. PM continues to see growth on big-event days. Opening Day's live, on-track handle was \$105,000, Oregon Championship Day was \$81,000 and Portland Mile Day was \$101,000.

Those numbers buoy the average. OTB handle was \$6,000 per live race day this year, an increase of 17 percent over last year's \$5,000. Mr. Alempijevic attributed that to switching racing from Wednesday to Tuesday. The total in-state number was \$42,600 vs. \$39,445, an increase of 8 percent. Export sales were up 6.71 percent, to \$447,976 this meet, compared with \$419,788 last meet.

Mr. Alempijevic summarized that the meet averaged \$490,000 on a live race day from all sources, compared to \$459,000 last year, or an increase of almost 7 percent. On in-state numbers, from Jan. 1 to Feb. 15, 2015, PM processed \$3.1 million vs. \$3 million last year. The numbers are deceptive, however, because PM ran 13 live days vs. eight last year. Considering the difference in the number of race days, there was an increase of \$286,000 in live wagers. Unfortunately, PM is actually down 6.7 percent through the first six weeks due to PM customers betting other tracks' races.

Instant Racing launched Feb. 8, Oregon Derby Day, with a soft launch. About \$10,000 in Instant Racing wagers were processed. With 150 machines, that is not a large number, Mr. Alempijevic said, but it was a good beginning with no promotion. Full marketing begins in 3 weeks, and will be at full capacity in 6 weeks with a grand opening celebration. PM will install a new marquee at the north entrance to make it the Instant Racing entrance, redoing the steps with an accessible ramp, installing a kitchen and restaurant with seating for 80 to 100 and hiring staff, about 20 people.

In response to a question from Chair Dudley about what kind of restaurant would be added, Mr. Alempijevic said it would be American, fast-casual, as is currently available at the track.

Commissioner Huber asked if any decision had been made about next year's race dates. Mr. Alempijevic said negotiations with horsemen had not started, but he hoped agreements and applications would not be late this year. He said the meet would be similar to this year's, based on purse money available, unless a new source for the purse account is found. Horsemen have indicated in the past that a bottom purse of \$4,500 to \$5,000 is very important, he said. The meet is dependent on about \$2 million in purse money or 36 days, depending on how many horses are on the backside. Mr. Alempijevic added that the Sunday/Wednesday race days were successful from Portland Meadow's perspective, and he anticipated a similar schedule next year. Sunday racing is important for attracting the local market, but because there is no national scheduling of racing, PM has to wait to see what other tracks do before settling on a second race day when it faces the least amount of competition. Horsemen have indicated that a fall/winter meet that complements Emerald Downs is important to them. In response to a question from Commissioner Huber, Mr. Alempijevic said the siphoning off of horses at the meet's end was probably due to fatigue; horses are not going to another track.

Chair Dudley clarified that to add a race day, one issue was horses and the other was having enough money in the purse account to maintain the \$4,500 minimum purse, or \$56,000 a day (including stakes races), or \$112,000 per week.

Mr. Alempijevic noted that the horsemen contributed \$400,000 last meet. If they contributed again, PM could add race days without dropping purses. The question then becomes are there enough horses to do that? If the meet is extended, PM incurs other expenses in keeping the barns open. Mr. Alempijevic agreed with Chair Dudley that if racing went to three days a week instead of two overhead does not increase.

Mr. Alempijevic noted that PM can stable 850 horses, but peaked at 650. To maintain field sizes, PM would need another 240 to 300 horses if another race day were added for one month. He said it might be possible to add a third day early in the meet, after Emerald Downs closes, if the purse account could justify it.

Mr. Alempijevic said that in early 2014, PM, the Oregon Quarter Horse Association, the Horsemen's Benevolent and Protective Association (HBPA) and the Oregon Thoroughbred Owners and Breeders Association (OTOBA) held a series of meetings on how to spend the Backstretch Improvement Fund. They agreed to spend \$130,000 on repairs to bathrooms, the Quarter Horse receiving barns, the HBPA trailer and the kitchen; painting; and installing new fencing around Gormley training track. This year, bedding has been changed from straw, which is expensive and difficult to dispose of, to sawdust and pellets. This involved helping horsemen out with the purchase of initial bedding, opening barns earlier and removing manure. Still pending is redoing gutters, which will be done in the off season. Mr. Alempijevic said complaints from horsemen had been minimal this year, due in part to spending the Backstretch Improvement Funds.

Vice-Chair Williamson noted that ORC had a letter from HBPA Executive Director Randy Evers stating that the HBPA had no objection to approving a 356-race meet.

Mr. Alempijevic noted that PM lost a race day, then added it back, but field size was down so the meet fell four races short of what had been scheduled. Statutory requirement is 720 races unless petitioned by the horsemen, who had petitioned ORC for a 360-race schedule. By falling four races short, PM technically was not in compliance with its license.

Action: Motion to approve completion of the 2014-15 Portland Meadows race meet with 356 live races

Moved by: Vice-Chair Charlie Williamson

Seconded: Commissioner Michael Huber, DVM

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

New Business:

Discussion and Possible Approval of Fair Race Dates:

Executive Director McGrail recapped that EOLS and SOHRA had scheduled conflicting 2015 race dates. Dean Noyes of CRRU and Rod Lowe of SOHRA moved their dates, so all the fair meets have dates that do not conflict this year. McGrail noted that there were significant problems that arose because of the process and dates could be addressed earlier for next year. He expressed gratitude that all parties came to an agreement that permits all five meets to run this summer.

Rod Lowe of SOHRA stated that he and Mr. Noyes had difficulty with their respective counties in trying to change race dates, because both counties had other events scheduled at the fairgrounds. Mr. Lowe said Josephine County had informed SOHRA that in the future, it would like the race meet to end July 4, which will make it difficult for Grants Pass to run a 9-day meet if EOLS does not run the first full weekend in June. Mr. Lowe asked that the Commission and all fair meets address the matter soon, and

not wait until February. He noted that his objective was not to lose any race meets, but find a schedule that could be compatible for all, and he urged EOLS to be more flexible in the future.

Chair Dudley asked how much time SOHRA required for planning and promotion. Mr. Lowe responded that that was not so much the issue as leasing the fairgrounds, which plans events two years in advance. Both Mr. Noyes and Mr. Lowe lease their facilities from their respective counties.

Chair Dudley wondered if the Commission should charge the county with coming up with a 5-year schedule to be reviewed annually. Mr. Lowe countered that the county might well ask the Commission to come up with a 5-year schedule of the meets. Mr. Lowe said the problem centered on ongoing confusion about the EOLS schedule. If EOLS had a 5-year plan, it would help SOHRA and CRRU clarify their dates, as they all follow sequentially. Mr. Lowe suggested that the Commission could request EOLS give a 5-year schedule of when its meet falls, and the other meets could follow that.

Chair Dudley said the Commission could make a rule that in order to hold a meet, a 5-year plan would have to be available. That way the Commission could “see the collision coming.”

Action: Motion to approve the 2015 Eastern Oregon Livestock Show, Form A, race days June 12, 13 and 14

Moved by: Vice-Chair Charlie Williamson

Seconded: Commissioner Jan Palmer, DVM

Discussion: Commissioners discussed whether they were approving 23 or 25 races. They determined it was a maximum of 25 races, but in actuality only 23 races would be run.

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

Action: Motion to approve 2015 Grants Pass Downs, Form A, race days June 20, 21, 27, 28 and July 3, 4, 5, 11 and 12

Moved by: Vice-Chair Charlie Williamson

Seconded: Commissioner Jan Palmer, DVM

Discussion: Executive Director Jack McGrail clarified that the Commission was simply approving dates; other matters would be approved later when race meets submit Form B and C.

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

Action: Motion to approve 2015 Crooked River Round-Up, Form A, race days July 15, 16, 17 and 18

Moved by: Vice-Chair Charlie Williamson

Seconded: Commissioner Jan Palmer, DVM

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

Chair Dudley said that the Commission had previously approved two fair meets, meaning all the Form As were in. He asked when the Form B and C were expected. Executive Director McGrail said the forms had been requested and he hoped they would arrive by April. He noted that Harney County and Tillamook, because those meets run later in the summer, often arrive later.

Oregon Thoroughbred Owners and Breeders Association (OTOBA):

Lynnelle Smith, Executive Director of the OTOBA reported that the association filled 21 races exclusively for Oregon-breds during the PM meet, not including Oregon Championship Day or the

Oregon Derby. OTOBA paid out \$23,500 in purse supplements. There were 121 Oregon-breds at PM, 53 of them had not run at PM previously.

Oregon-breds earned roughly \$403,432 at the meet, down from \$546,135 last year. The difference is due to reduced race days. OTOBA has received all its HUB funds, some of which will be used for purse supplements at upcoming fair meets.

OTOBA has produced its first ever issue focusing on breeding. The magazine had good participation by stallion owners in Oregon and Washington. Director Smith thanked Commissioner Huber for connecting the magazine with two veterinarians from Oregon State University School of Veterinary Medicine who wrote an article for the magazine.

Director Smith added that OTOBA will hold its annual awards banquet in March at the World Forestry Center, celebrating 70 years of Oregon-bred champions.

Oregon Horsemen's Benevolent and Protective Association: No Report

Discussion and Possible Approval of Holding a Meeting at a Fair Meet:

Chair Dudley noted it was likely the Commission would not have to meet every month. He suggested the June 18 ORC meeting be rescheduled and moved to one of the fair meets, perhaps Grants Pass. Executive Director McGrail noted that ADW representatives often come to Portland to be present for their review in June. He thought it might be difficult for them to get to Grants Pass. Roger Nyquist of TVG said that the ADW representatives had gone to Grants Pass in the past and it wasn't an issue.

Action: Motion to direct Executive Director McGrail to determine a meeting date in June for the Commission to meet in Grants Pass in conjunction with the races.

Motion by: Vice-Chair Charlie Williamson

Seconded: Commissioner Jan Palmer, DVM

Discussion: Executive Director McGrail pointed out that Grants Pass runs Saturday and Sunday, and asked for clarification on what day the Commission wanted to meet. Vice-Chair Williamson said Friday. Executive Director McGrail noted that June was the end of the fiscal year, and he might have other business to bring before the Commission, and July might be a good month not to have a meeting. After discussion of various Fridays and individual schedules, Commissioners agreed June 26 was the preferred date.

Vote: No vote was taken

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, March 19, 2015, at 1:30 p.m. in Room 1A of the Portland State Office Building located at 800 N.E. Oregon Street, Portland, OR 97232

Adjournment:

Action: There being no further business, the meeting was adjourned at 2:50 p.m.

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