



Minutes
Oregon Racing Commission
October 20, 2016

Meeting Detail

The Oregon Racing Commission (ORC) met on Thursday, October 20, 2016, in Room 1C of the Portland State Office Building (PSOB), 800 N.E. Oregon St., Portland, OR.

Call to Order

Chair Charles Williamson called the meeting to order at 1:30 p.m.

In Attendance

Commissioners: Chair Charles Williamson, Vice Chair Jan Palmer, DVM, Commissioner Michael Huber, DVM, Commissioner Christopher Dudley, Commissioner Diego Conde

Staff

Jack McGrail, Executive Director, Catriona McCracken, Assistant Attorney General (AAG)

AGENDA ITEMS

Approvals:

October 20, 2016, Meeting Agenda

Action: Approve the October 20, 2016, meeting agenda, amended to include, under new business, discussion of the Harney County Fair, at the request of Vice Chair Jan Palmer, DVM, on behalf of the Future of Racing in Oregon Group (FROG)

Moved by: Commissioner Christopher Dudley

Seconded: Commissioner Diego Conde

Vote: Commissioners Williamson, Palmer, Dudley, Huber and Conde voted AYE, and the motion carried unanimously (5:0).

September 15, 2016, Meeting Minutes

Action: Motion to approve the September 15, 2016, Commission Meeting Minutes.

Moved by: Commissioner Michael Huber, DVM

Seconded: Commissioner Christopher Dudley

Vote: Commissioners Williamson, Palmer, Dudley, Huber and Conde voted AYE, and the motion carried unanimously (5:0).

Old Business:

Sub-Committee Update Reports:

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

Commissioner Christopher Dudley reported that the sub-committee met this morning and received a report from ADW Supervisor Connie Winn. She reported that the Commission has nine hub licensees and 17 white labels/affiliates doing business under those licenses. He added that Ms. Winn conducted on-site audits at five hubs during the past quarter and completed quarterly audits at all hubs and white labels. Ms. Winn reported that the hubs

are trending upward, with most growth in the three largest hubs. There are no official requests pending for changes to rules or statutes.

Commissioner Dudley reported that the committee went into executive session to discuss a possible new product with representatives of an ADW.

b. Best Practices

No report.

c. Budget and Hub Funds

No report.

d. Medication and Horse Welfare

Commissioner Michael Huber, DVM, reported that the sub-committee met this morning. It received an update on catastrophic injuries. For the past fiscal year, Oregon is at 1.57 catastrophic injuries per 1,000 starters, which is close to the goal of 1.5 or less. There have been two breakdowns so far at the current Portland Meadows (PM) meet, with the number of starters not available.

The committee also received an update on Equine Infectious Anemia (EIA) and relevant requirements, and discussed clenbuterol and quality assurance programs. Pre-race exams were also discussed. Commissioner Huber reported that the state veterinarian looks at about 10 percent of horses entered to race each day in pre-race exams, while some states examine all horses. He stated that the committee will investigate what resources – both human and financial – would be necessary to do that here.

Vice Chair Palmer asked about the status of adoption of Racing Medication & Testing Consortium (RMTC) rules. Commissioner Huber stated that was on hold, pending, among other things, a December conference that Executive Director Jack McGrail will attend.

e. Executive Director's Report

Executive Director Jack McGrail stated that PM has run about 20 percent of its scheduled races. The racing surface seems to be holding up well and the handle has been in line with past year. Historic Racing terminals have shown steady growth.

Wrapping up the fair meets: The change to having Commission staff, rather than volunteers, handling horses and post-race samples in the test barn has been well received, he reported. The change ensures the integrity of the chain of custody, Director McGrail stated, and he believes it should be made permanent.

Director McGrail noted that Intermountain Tote provides services for all fairs but Grants Pass. United Tote has expressed interest in providing those services; that company has more sophisticated technology and self-service terminals, which might increase handle. The Commission, in conjunction with the fairs, is exploring whether such a change would make betting easier at the fairs.

The Commission is assessing the value of track consultant Steve Wood, who was hired on a trial basis for the fairs this year. Director McGrail stated that Mr. Wood has offered his services again at a reasonable rate. The Commission will talk with fair managers, horsemen, stewards and ultimately the budget committee to determine where this fits as a priority. Director McGrail added that he and Presiding State Steward Mike Twiggs would be attending the Oregon Fairs Association Convention in Albany this week.

Updated figures from the national Equine Injury database show that fatal racing injuries have steadily declined over the past seven years. From 2014 to 2015, the catastrophic injury rate for dirt races went from 2.4 per 1000 starters to 1.79, or about a 25 percent drop. Oregon's rate is slightly better than that, he noted, a testament to the efforts of horsemen, veterinarians, riders, regulators and racetrack officials.

Director McGrail concluded by thanking US Off-Track representatives Ben Hayes, Paul Sundermier, Deb Trickel and Joey Michaels for their presentation this morning.

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

Vice Chair Jan Palmer, DVM, stated that the group met this morning and discussed its social media push for the fairs and the Harney County Fair.

g. Portland Meadows report

Karsten Hennze, PM General Manager, reported that handle, both on track and overall, is down a little compared to a similar span last year, but the sample, with only eight race days so far, is very small. Field size has averaged 8.4, up from last year. Mr. Hennze noted that racing will increase to three days a week starting Nov. 6, with races Sunday, Mondays and Tuesdays through December.

Mr. Hennze stated that handle was about \$2.2 million in September. Import handle – the amount bet by people in Oregon on races other than PM (and a significant contributor to revenue for the horsemen and PM) – was over \$2 million for last year, up 3 percent from the year before. He noted there had been some turmoil with OTBs closing, but others had picked up the slack.

So far, PM has had 648 starters, he reported, and two catastrophic injuries. Mr. Hennze stated that PM continues to talk with horsemen and its track maintenance crew and holds regular track committee meetings. He stated he had not heard any particular concerns about the track surface, maintenance, watering, etc.

New Business:

Eastern Oregon Livestock Show report: Nathan Jacob, Co-director of Racing and Mutuel Manager, stated that the Union meet ran 23 races over three days in June. It differs from all the meets, except Harney County, in that it has a rodeo, race meet, 4H and FFA activities at the same time.

He stated that handle was \$41,425, up \$5,400 from last year. Entries over the three days totaled 134 horses, nine more than last year. Mr. Jacob noted the meet was having difficulty filling seven-horse fields, especially on Saturday and Sunday, but had a sufficient number of horses. Ten jockeys rode, most of them all three days. That's an adequate number he stated, noting that if more than seven jockeys are available, some of the jockeys end up not riding.

Purses totaled \$58,900, up from \$54,500 last year, thanks to the Oregon Horsemen's Benevolent and Protective Association (OHBPA) and the Oregon Quarter Horse Racing Association (OQHRA) contributing, respectively, \$350 and \$250 per race. He noted that beyond those contributions and hub funds, the meet had about \$4,000 come in. The meet is run almost entirely by volunteers, Mr. Jacob noted. He reported that one horse was euthanized and one jockey had an injury that needed medical attention, but in total it was a good meet.

In response to a question about how the races might be filled, Mr. Jacob said seven out of 23 filled at seven horses, and that is about normal. He stated that most entries come from Southeast Washington.

Vice Chair Palmer asked about the effectiveness of trackman Steve Wood and of the jockey incentive. Mr. Jacob stated that Mr. Wood met with the track superintendent, looked at equipment and walked around, but was not able to spend much time because his visit coincided with the start of bull riding. Mr. Jacob stated the input was appreciated, but the timing was not ideal, as a lot was going on and many of the race workers were not present. The next day would have been better, he suggested, but acknowledged that would be late to make changes. Early in the week, with better scheduling, would help, he stated. He noted that the Union race workers had been nervous about Mr. Wood's help, but Mr. Wood did not step on any toes and offered good suggestions.

Regarding the jockey incentive, Mr. Jacob stated the meet offered up to \$150 for a jockey to ride all three days, and would offer an incentive again next year. He added that Union has offered incentives for several years, and the jockeys who need a place to stay can use the jockey's room.

In response to a question about wagering, Mr. Jacob stated the meet had dropped the \$3 bet in favor of a \$2 bet, but did not think it had much effect on the handle, which was about the same.

He stated the meet had no starting gate problems. For next year, he reported, the biggest challenge is improving three older barns where horses are stabled.

Southern Oregon Horse Racing Association (SOHRA):

Sheri Morin, SOHRA President, accompanied by Rod Lowe, Director of Racing, presented their report. Ms. Morin called the season amazing, with cool weather that positively affected everything. On the meet's first weekend, Father's Day saw the highest handle ever since SOHRA assumed control of the meet. The next biggest day was July 4. Total handle was \$380,819, attendance was 29,040 over nine days. Purses were up 28 percent over last year, totaling \$54,390. Average daily purses totaled \$6,043.

Attendance was up 11 percent over last year. Field sizes for 72 races averaged 5.69 horses, she reported, compared to 5.26 last year. Thirty-three races had at least six horses, compared to 16 races last year. Ms. Morin stated that she received inquiries from horsemen in Idaho, Montana and Wyoming, but did not know how many actually came to the meet.

She stated that she heard a lot of positives about the jockey incentive. One horse was put down and there was one jockey injury and one claim. Mr. Lowe noted that he thinks the jockey incentive will have a greater effect next year. The meet still had problems with not enough jockeys, he stated, adding that having two more jockeys would make a huge difference to all the meets. He stated that he hopes word will get out next year about the incentive fund.

Mr. Lowe stated that race organizers received a couple of reports that the starting gate had a delayed start. The gate was tested several times between races, and no problems were found. Mr. Lowe posited that some of the problem could be attributed to human or horse error. He explained that the gate itself did not delay, but there was a delay between the click after the button is pressed, during which the horses may have charged the gate. He added that the crew will test the gate again next year and ascertain that it is working properly before the meet.

Ms. Morin noted that SOHRA assumed a lot of extra costs this year. The organization had to replace graders and tractors, after the county discontinued allowing SOHRA use of county equipment, she stated. County risk management and inspectors have indicated they want the jockey and weight rooms, which are in desperate need of repair, removed, she added. Fixing or replacing them will fall to SOHRA, she stated, because the fairgrounds does not use those facilities. She noted that Dutch Bros. Coffee has indicated it wants to invest in the fairgrounds, and SOHRA hopes to be part of the conversation, she stated.

Ms. Morin added that SOHRA would like the jockey's room to include shower, sleeping and laundry facilities, so a handful of jockeys could live there during the 6-week meet. She estimated a cost of \$50,000 or \$60,000. She noted that the paddock also needs replacing.

In response to Vice Chair Palmer's question about Mr. Wood, Mr. Lowe responded the meet has used him for several years and he is "awesome." He noted that Grants Pass pays for him to inspect the track; Director McGrail added that the Commission had paid Mr. Wood for one visit. Mr. Lowe added the track was the best it's been, and that result is expensive: Watering the track cost \$5,000 this year, replacing the track surface a few years ago cost \$200,000; the meet bought equipment at Mr. Wood's request. Mr. Lowe stated it costs about \$10,000 a year extra to make the track the best it can be.

In response to a question, Mr. Lowe stated the meet did not offer an additional jockey incentive beyond that provided by the Commission.

Vice Chair Palmer asked whether there had been problems with preparedness. Ms. Morin stated there had been minor problems – a bolt and light bulbs needing replacement and problems with phone lines – but all were resolved. She noted that some of the problems involved communications, and as this was her first year as president, learning to how to handle organization details was a learning experience. Vice Chair Palmer requested the fair director's report include not only the good, but also issues that could be handled differently next year.

Crooked River Roundup:

Dean Noyes, Director of Racing, described the Prineville meet in three letters: Wow. Records were broken across the board. Over four days of racing, purses totaled \$133,000 and handle totaled \$274,000. Saturday's handle was just under \$90,000. Mr. Noyes added the meet had too many horses – fields filled on all days, and an extra race was added to Saturday's card. He reported that the meet's success led to a "profit sharing" program that contributed \$2,000 to the jockey incentive fund. Mr. Noyes applauded the incentive program and echoed Mr. Lowe's comments that the program was planting a seed for next year. Mr. Noyes added that press coverage was good, praised Commission staff on site and thanked the OHBPA for partnering with the Roundup on sponsoring Saturday's 11th race.

Noting that Mr. Wood did not consult at Prineville (an emergency prevented his scheduled trip), Vice Chair Palmer asked if the Roundup would like his services next year. Mr. Noyes responded that the track superintendent and crew welcome constructive review. He added that the meet made more than \$20,000 in improvements to the test barn and lighting, partnering with the county, which owns the facilities. The meet plans for \$15,000 to \$25,000 in capital improvements annually. He added that Papé Machinery provides millions of dollars' worth of equipment to the meet.

Mr. Noyes noted that he coordinates jockey insurance for the fair meets was told by Bolton Insurance that this was overall a successful season, with only a few small injuries (including a collarbone at Prineville).

Tillamook County Fair:

Camy VonSeggern, Fairgrounds Manager, reported that preparation for the August fair begins in June, and 75 to 80 horses arrived July 15 following the Prineville meet. Fair officials made accommodations for owners, jockeys and trainers, providing temporary boarding six weeks before the fair. The meet drew 216 horses, some of whom stayed three weeks after the fair ended. Races mostly were full, which helped attendance. Jockey incentive funds, added to funds provided by the fair (\$250 per jockey) and other organizations, made a huge difference in the number of jockeys present, Ms. VonSeggern noted.

She reported that handle was \$146,443, up 2 percent from last year, despite overall fair attendance being down 2.2 percent at 72,982 people. She stated that Papé, as well as local timber companies and Director of Racing Don Averill, provide equipment and support that help the fair keep costs down. She noted that the fairgrounds, which is going through strategic planning, does not receive general fund money from the

county. Horse racing is a big part of the fair's entertainment and provides services and job opportunities in the community, she noted.

In response to Vice Chair Palmer's question about Mr. Wood's services, Director McGrail stated that Mr. Wood interacted with Mr. Averill and his suggestions were generally helpful. Mr. Wood's report indicates that a bump in the track near the 16th pole is a potential issue and should be fixed. Director McGrail added the bump has been there for several years.

Vice Chair Palmer noted that there had been a problem with the starting gate. Deputy State Steward Jim Smith explained that the gate delayed in one race, putting the horse in that stall at a two-length disadvantage, but the horse won regardless. He noted that if the horse had not won and had been declared a non-starter, the fair would have had to refund wagers, hurting both handle and public perception.

Director McGrail noted that any gate malfunction is a possible source of injury to horses and riders. He added that the gates never open 100 percent of the time at any track, but they should open more than 99 percent of the time.

Ms. VonSeggern asked what the solution was, noting that the equipment had been checked. Chair Williamson noted that there has been some discussion of the Commission buying a gate that would be shared among meets, hence the questioning about how gates were working at each meet. Vice Chair Palmer stated that fair officials should look at past meets to establish a history of whether gates had failed to open to determine whether a problem exists. Mr. Smith noted that the meet's starter, Gloyd Whitmire, is expert at gate maintenance and suggested he be brought in before the meet. Mr. Smith noted he had worked on the same starting gate when it belonged to the Oregon State Fair, and it is old.

Ms. VonSeggern added that the meet had one minor jockey injury, but the jockey did not miss a race.

FROG Report on Harney County:

Vice Chair Palmer reported that the Harney County Fair meet had been discussed in two FROG meetings, and the only positive thing to be said is the track surface was good, thanks in part to Mr. Wood. She stated that the group discussed eight problem issues, including a starting gate that is beyond fixing. FROG members asked if the stewards could investigate leasing or buying a gate that would travel and how much that would cost.

Other problems included short fields, with four three-horse races and only 51 horses/64 starters, an indication, Vice Chair Palmer stated, that horsemen did not want to attend the meet. In addition, there was no Internet, resulting in problems for the tote and winning tickets not being honored; traffic on the track between races and while horses were on the track; a no-dog policy that created hard feelings, and a lack of jockeys. The FROG group recommended that a letter sent by Director McGrail to the fair manager also be sent to the Harney County Board of Commissioners and the local state representative.

Commission members discussed the no-dog-on-the-grounds policy and how it differs from past Commission instruction that there be no dogs on the track. Commissioner Huber wondered whether it would be better to table this discussion until next month when the Harney County Fair representative is scheduled to be present. Vice Chair Palmer stated that the Commission should start thinking about whether to continue to fund the meet, because the problems had been ongoing for several years. Commissioner Dudley noted that the Commission has health and safety standards for equine athletes, horsemen and fans that must be adhered to in order to run a sanctioned meet. He added that meet organizers did not seem to pay attention to the Commission's requests.

Randy Evers, Executive Director of the OHBPA, stated that his organization did not want to see a meet closed. In the wake of meets closing in Salem, Lakeview and Klamath Falls, the state is down to five meets and Portland Meadows, and horsemen want the meets to continue. Nevertheless, the organization

has had major concerns with the Harney County for several years. Mr. Evers cited the gate, the track (which he noted was better this year) and trucks crossing the track. He added that many horsemen were upset this year about the no-dogs policy and did not attend because of that. The meet has lots to overcome, he stated, adding that it was important to be blunt about the issues while offering solutions. He agreed that Harney County officials seemed not to be paying attention and must take ownership of their meet or their sanctioning would be at risk.

Motion: Send Director McGrail's letter to Fair Manager Rick Paul to the Harney County Board of Commissioners, the Harney County Fair Board and the state representative; set a deadline of Feb. 1 for organizers to come up with a plan of action; and direct the stewards to come up with alternatives for the starting gate by the November ORC meeting.

Discussion: Discussion centered on what would be involved in finding a starting gate, the feasibility of setting deadlines and whether action should be taken now or later. Points raised were the upcoming Oregon Fairs Association Convention and pending talks by the ORC investigator with the fair manager, as well as the fact Mr. Paul is scheduled to attend the November Commission meeting and could respond to concerns then. Fair representatives present advised that fair managers answer to a fair board and not to county commissioners and advised giving the manager time to respond. Counsel Catriona McCracken advised caution in forwarding the letter because of personnel ramifications. Given the meet's history, Vice Chair Palmer wondered if the hub funds would be better spent elsewhere.

Ultimately, Vice Chair Palmer withdrew the motion, pending the Harney County Fair representative's appearance at the November Commission meeting. Commissioners asked Director McGrail to make their concerns clear to Mr. Paul. Noting that Harney County is "on notice," Director McGrail responded that he would follow up on the letter already sent by spelling out that a written response is requested before the Commission meeting and that Commissioners will be asking more questions then. Chair Williamson stated that the Commission is not looking for excuses but for answers. Chair Huber echoed that sentiment, and the hope that reminders would prompt Mr. Paul to bring solutions, not excuses, to the next meeting.

Contested Cases:

None

Other Business As May Properly Come Before the Commission:

None

Public Comment:

Sheri Morin of SOHRA asked where information on equine injuries could be found. Director McGrail referred her to the Equine Injury database. She suggested that the fact that injuries are down could be posted on Facebook pages to show the public that the industry is making progress on horse welfare.

Confirmation of the Next Commission Meeting:

The next ORC meeting will be at 1:30 p.m. Thursday, November 17, 2016, in Room 1D of the Portland State Office Building, 800 N.E. Oregon St., Portland, OR.

Executive Session:

The Commission went into executive session at 3:20 p.m. pursuant to ORS 192.660(2) (f) and ORS 192.502(9) to consult with counsel concerning written legal advice related to application of the public meetings law. It emerged from executive session at 4:10 p.m.

Adjournment:

Action: Motion to adjourn.

Moved by: Commissioner Christopher Dudley

Seconded: Vice Chair Jan Palmer, DVM

Vote: Commissioners Williamson, Palmer, Dudley, Huber and Conde voted AYE, and the motion carried unanimously (5:0).

There being no further business, the meeting was adjourned at 4:11 p.m.