



Minutes
Oregon Racing Commission
June 21, 2018

Meeting Detail

The Oregon Racing Commission (ORC) met on Thursday, June 21, 2018, in Room 1E 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 1:31 p.m.

In Attendance

Commissioners: Chair Charles Williamson; Vice Chair Jan Palmer, DVM; Commissioner Diego Conde; Commissioner Angelo Turner; Commissioner Peggy Anderson.

Staff

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

Agenda Items

Approvals:

Action: Approval of the meeting agenda, amended to add a report from the Budget Sub-committee.

Moved by: Commissioner Diego Conde

Seconded: Commissioner Angelo Turner

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

Action: Approval of the May 17, 2018, meeting minutes.

Moved by: Commissioner Diego Conde

Seconded: Commissioner Angelo Turner

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

Old Business:

Medication and Horse Welfare Sub-committee Report

Commissioner Conde reported that the sub-committee met this morning and discussed timing and implementation of the new claiming rule, which will be modeled after Kentucky's rule, with a goal of having it in place by the time the Portland Meadows (PM) meet begins.

Executive Director McGrail explained that the horsemen had indicated the Kentucky rule most closely reflects what they would like to see the Commission adopt. He stated he will transfer that language into

the appropriate format for the Oregon Administrative Rules and submit it, probably next week. A public comment period will follow. The objective is for the rule, if adopted, to be in place before the PM meet begins. In response to a question, Director McGrail added that the updated rule makes a couple of changes to allow a claim to be voided if something goes wrong with the horse physically.

Commissioner Conde stated that the sub-committee also discussed proposed changes in the permitted levels of some therapeutic medications to mirror those approved by the Association of Racing Commissioners International (ARCI). The sub-committee asked Director McGrail to draft a proposed rule and seek comment from the Oregon Horsemen's Benevolent & Protective Association (OHBPA).

The sub-committee also discussed a proposed California rule that calls for veterinary records of a horse's joint injections to be made available to subsequent owners, Commissioner Conde noted. The sub-committee agreed that while the rule is a good idea, the mechanics of implementation are tricky. Committee members decided to wait and watch how the proposal plays out in California.

Commissioner Conde added that the sub-committee discussed the single case of Equine Infectious Anemia (EIA) at the fairgrounds in Grants Pass last month. He stated that the Commission will be more stringent in its vigilance, enforcing rules and possibly issuing hefty fines. Owners and trainers must know the rules and their horses must have a negative Coggins test, he stated. He added that the Commission will make sure fairs have guidelines and rules to prevent a recurrence of the problem.

Director McGrail noted that the fairs have signs notifying horsemen of the Coggins requirement, as well as the rule being on the ORC and OHBPA websites. There is no reason for horsemen not to be aware, he added.

Executive Director's Report

Director McGrail reported that only one of three scheduled race cards was run at the Eastern Oregon Livestock Show (EOLS), June 8-10 in Union, due to the track condition following heavy rain. It was unfortunate, he added, noting that lots of horses were present and 10 jockeys were available – the support for the meet was encouraging. The ORC authorized disbursing the purse money allocated for the meet to the horsemen to help compensate their costs. Each horse that was entered on the canceled days received \$400; in the case of Thoroughbreds, \$100 of that came from the OHBPA.

Director McGrail added that the fire damage from last summer was barely noticeable, the new barns were in great shape, and the efforts of the volunteers and community is much appreciated.

Racing started June 16 at Grants Pass. The quarantine caused by the EIA-positive horse was lifted June 7. Commission staff, Department of Agriculture and representatives of the race meet and fairgrounds worked together to minimize the risk and enforce the Commission's Coggins policy, Director McGrail noted.

He stated that opening weekend found the track in great shape, with full fields and good weather. There are a lot of horses on the grounds and a sufficient number of jockeys. The handle was up significantly overall, he added, despite some issues with the tote. The graphics and distribution of the simulcast were far superior to last year, he noted.

Director McGrail reported that, nationally, the House Subcommittee on Digital Commerce and Consumer Protection is scheduled to meet tomorrow and discuss the Horseracing Integrity Act. The bill seeks to involve the federal government in the testing and oversight of medication policies and practices. Goals include uniformity among jurisdictions and elimination of race-day medication. He recommended interested parties tune in.

Director McGrail reported that the Commission has received a race meet application from PM, as well as a purse and conditions contract. He noted that it was important that a commercial race meet continue to exist.

In response to a question, Director McGrail explained that jockeys and valets at EOLS also were compensated. Each jockey who was to ride received \$200 for Saturday and \$200 for Sunday. The Commission tried to ensure that everyone who committed to being at the races received compensation. The pony people were missed, but the Commission intends to look into compensating them as well.

Future of Racing in Oregon Group (FROG) Report

Vice Chair Palmer reported that FROG met this morning and talked about the summer meets. They noted simulcasting was working pretty well at Grants Pass. They also discussed the upcoming PM meet.

Budget Sub-committee Report

Vice Chair Palmer reported that the Budget Sub-committee plans to meet at 10 a.m. July 9 in the ORC office in the Portland State Office Building.

New Business:

Report and Discussion of ADW Annual Reviews

ADW Supervisor Connie Winn reported she had performed annual reviews on the following ADWs and found all to be in full compliance with Commission requirements: AmWest Entertainment, LLC; Churchill Downs Technology Initiatives Company, dba Twin Spires; eBet Technologies Inc.; NYRA Bets, LLC; ODS Technologies, LP, dba TVG; Premier Turf Club; US Off-Track, LLC, dba Greyhound Channel; and Xpressbet.

Ms. Winn noted that Daily Racing Form Inc. (DRF) has a license but has not yet acted on it; it does not yet have a fully functioning ADW. That company's review is a little different, she stated, with some conditions yet to be met before the company can move forward. She noted that DRF is currently operating as an affiliate under Xpressbet, but its officials have indicated they want to become licensed, partly due to their interest in legislative concepts submitted by the ORC.

Ms. Winn noted that Game Play's 5-year renewal was done last month, and the ADW was reviewed prior to that.

Randy Boden of AmWest Entertainment addressed the Commission, thanking it for its work and noting that communication with Director McGrail and the ORC staff was excellent.

Discussion and Possible Approval of Tote Company License Renewals

Josh Dieringer, Supervisor of Pari-Mutuels, reported that he and Ms. Winn had reviewed AmTote International's application for license renewal and found everything in order. They recommended approval of the renewal.

Action: Approve license renewal for AmTote International
Moved by: Commissioner Angelo Turner
Seconded: Commissioner Diego Conde
Vote: Commissioners Williamson, Palmer, Conde, Turner and Anderson voted AYE, and the motion carried unanimously (5:0).

Mr. Dieringer reported that he and Ms. Winn had also reviewed United Tote's application for license renewal and found everything in order. They recommended approval of the renewal.

Action: Approve license renewal for United Tote
Moved by: Commissioner Angelo Turner
Seconded: Commissioner Diego Conde
Vote: Commissioners Williamson, Palmer, Conde, Turner and Anderson voted AYE, and the motion carried unanimously (5:0).

Mr. Dieringer reported that he and Ms. Winn had also reviewed Sportech Racing LLC's application for license renewal and found everything in order. They recommended approval of the renewal.

Action: Approve license renewal for Sportech Racing LLC
Moved by: Commissioner Diego Conde
Seconded: Commissioner Angelo Turner
Vote: Commissioners Williamson, Palmer, Conde, Turner and Anderson voted AYE, and the motion carried unanimously (5:0).

Discussion and Possible Approval of Portland Meadows 2018-19 Race Meet License Renewal

Karsten Hennze, PM General Manager, reported that the meet application calls for 37 race days, similar to last year. The purse and stakes schedule has not been finalized, pending revenue projections from import wagering.

He noted that the application calls for more Sunday race cards (10), following improvements seen last year to the Sunday cards. Mr. Hennze noted that running live was difficult for PM, which is a meet focused on export handle. Most race days will be Monday and Tuesday, when the track does not have a lot of wagering competition.

Mr. Hennze reported that PM will have the same Coggins policy as the fairs, adding that horse health and welfare is a priority.

The race season will be Sept. 30, 2018, through Feb. 5, 2019, generally two days a week.

He noted that OHBPA approached PM about defibrillator access, and track management has checked its machines, will have one on the backside, and will train security guards in their use. PM will also offer that training to the horsemen, he added.

Mr. Hennze reported that there was some disappointing news in that proposed grooms' quarters will not be built before this meet – bids came in much higher than expected. PM is exploring other options to see what it can do to help with high housing costs, which he called a significant issue in keeping people from

coming to Portland. He added that another concern is the expected reduction in the horse population – despite marketing and outreach efforts -- which has been a three-year trend. He noted that the problems of fewer horses and aging horses at PM mirror an industrywide issue.

Noting ongoing activity over the past decade regarding ownership of the PM property, Mr. Hennze reported there is active interest in the property. He and the horsemen have talked about what would happen if ownership changes. Mr. Hennze stated that PM intends to run the meet; if there is a change in ownership before or during the meet, PM and the horsemen will work through issues.

Commissioner Anderson asked how PM handles horses that come in without the proper paperwork. Mr. Hennze explained that they are placed in a quarantine area away from other horses, while their connections sort out paperwork. He added that in the past, these horses have always received a Coggins test and no one had been turned away after this interim step. He noted that it was something of a judgment call that perhaps should be revisited.

In response to a question, Mr. Hennze stated that plans called for 332 races, but that depends on the horse population. He would like to run 12 races with full fields daily, but the reality is seven to nine races a day. The number of races is a moving target, he noted, adding that he does not want to increase the “race window” if race days are canceled.

Mr. Dieringer stated that he, Ms. Winn and Director McGrail had reviewed the PM application and found everything in order. He recommended approval of the application.

In response to a question from Director McGrail, Mr. Hennze stated that Historical Racing continues to fall short of his expectations. It’s a difficult market in Portland with VLTs (video lottery terminals) and tribal casinos, he noted, adding that PM has hired a new marketing company and hopes to improve handle from the machines. PM is looking at getting new games, as well. He characterized it as a “hard slog” so far, but PM believes it will improve.

Regarding the social gaming room, Mr. Hennze reported PM has agreed to disagree with Lottery officials, who contend that anyone with Lottery terminals should not be operating a social gaming room. He stated the Lottery has put its stance in writing, and PM expects to challenge that. The terminals are still in operation, he added.

Commissioner Conde asked for specifics about the potential land sale. Mr. Hennze replied that it was not his place to give details. A potential buyer has engaged some of the landowners in agreements, but he had no details -- adding that PM has been down this path before. He noted that PM representatives are 22 percent landowners and the other 78 percent constitute a diverse group. Mr. Hennze added that as soon as any information is available, it will be shared with stakeholders.

Action: Approve 2018-19 Portland Meadows license renewal application

Moved by: Vice Chair Jan Palmer, DVM

Seconded: Commissioner Diego Conde

Vote: Commissioners Williamson, Palmer, Conde and Anderson voted AYE, and the motion carried unanimously (4:0). (Commissioner Turner had to leave the meeting before the vote.)

Discussion and Possible Election of Commission Chair and Vice Chair for July 2018-June 2019

Chair Williamson proposed Commissioner Jan Palmer, DVM, serve as chair and Commissioner Diego Conde serve as vice chair. He asked if there were any other nominations, and there were not.

Action: Approve nominations of Jan Palmer, DVM, as chair and Diego Conde as vice chair effective July 1

Moved by: Commissioner Peggy Anderson

Seconded: Chair Charles Williamson

Vote: Commissioners Williamson, Palmer, Conde and Anderson voted AYE, and the motion carried unanimously (4:0).

Discussion of Commission Sub-Committee Assignments

Chair Williamson proposed the following sub-committee assignments. He noted that sub-committee assignments are a function of the Chair and the Executive Director, and a vote is not required.

- FROG: Commissioner Turner will chair and Commissioner Palmer will serve on the group.
- ADW: Commissioner Conde will chair; Commissioner Turner will serve on the committee.
- Medication and Horse Welfare: Commissioner Conde will chair; Commissioner Palmer will serve on the committee.
- Best Practices: Commissioner Conde will chair; Commissioner Anderson will serve on the committee.
- Budget: Commissioner Anderson will chair; Commissioner Palmer will serve on the committee.

Discussion and Possible Approval of Commissioners' Self-Evaluation for KPM Best Practices

The discussion was tabled until next month.

Oregon Thoroughbred Owners & Breeders Association (OTOBA) – Discussion of Breeder's Incentive

Lynnelle Fox Smith, Executive Director of OTOBA, reported that OTOBA is ready to issue its owners' bonus payments. Under statute, OTOBA receives .75 percent of the Thoroughbred handle at PM and distributes that to owners of Oregon-bred Thoroughbreds based on their earnings at the PM meet between July 1 and June 30. Because the numbers were not all in, Ms. Smith did not have a total dollar amount, but projected OTOBA would distribute about \$190,000 to 81 owners. Oregon-breds earned \$426,470 at the last PM meet. She added the numbers are usually finalized and checks sent out in mid-July. She requested the Commission approve payment of the owners' bonuses.

Action: Approve payment of owners' bonuses by OTOBA

Moved by: Vice Chair Jan Palmer, DVM

Seconded: Commissioner Peggy Anderson

Vote: Commissioners Williamson, Palmer, Conde and Anderson voted AYE, and the motion carried unanimously (4:0).

Ms. Smith also reported on OTOBA's hub fund allocation for the 2017-19 biennium, noting that two of four allocations have been received. She reported that OTOBA issued \$42,647 in breeders' awards in March to 60 breeders of horses that finished first through fifth at PM. For last year's summer fairs, OTOBA paid \$22,424 in purse supplements, breeders' awards and a high-point challenge. For last year's Oregon Championship Day at PM, OTOBA paid \$42,500 in purse supplements, she noted.

Ms. Smith added that OTOBA paid \$16,000 in in Breeders' Starting Bonuses, a program begun in 2016 that pays \$100 to the breeder of an Oregon-bred that starts anywhere in the county. There were 160 Oregon-breds that started in 2017.

Key statistics show an upward trend since 2016, Ms. Smith reported. Oregon-breds made more money last year at PM and more of them were running there. Payments to owners and breeders both increased. Foal registrations are up: So far this year, OTOBA has reimbursed the registration fees for 44 foals born in 2017, compared with 25 at this time last year.

Contested Cases:

None

Other Business as May Properly Come Before the Commission:

None

Public Comment:

Randy Evers, Executive Director of the OHBPA, passed on the thanks he had heard from many horsemen for the financial compensation they received when they were unable to run at Union because of the weather.

He also thanked Chair Williamson for his work as Commission Chair.

Confirmation of the Next Commission Meeting:

The next regular Oregon Racing Commission meeting will be Thursday, July 19, 2018, at 1:30 p.m. in Room 1E of the Portland State Office Building (PSOB), 800 N.E. Oregon St., Portland, OR.

Adjournment:

Action: Motion to adjourn.

Moved by: Commissioner Diego Conde

Seconded: Chair Charles Williamson

Vote: Commissioners Williamson, Palmer, Conde and Anderson voted AYE, and the motion carried unanimously (4:0).

There being no further business, the meeting was adjourned at 2:35 p.m.