



Minutes
Oregon Racing Commission
November 15, 2018

Meeting Detail

The Oregon Racing Commission (ORC) met on Thursday, November 15, 2018, in Room 1D of the Portland State Office Building (PSOB), 800 N.E. Oregon St., Portland, OR.

Call to Order

Chair Jan Palmer, DVM, called the meeting to order at 1:30 p.m.

In Attendance

Commissioners: Chair Jan Palmer, DVM; Vice Chair Diego Conde; Commissioner Charles Williamson; Commissioner Peggy Anderson; Commissioner Angelo Turner (by phone)

Staff

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

Agenda Items

Approvals:

Action: Approval of the meeting agenda

Moved by: Commissioner Charles Williamson

Seconded: Vice Chair Diego Conde

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

Action: Approval of the Oct. 18, 2018, meeting minutes

Moved by: Commissioner Charles Williamson

Seconded: Commissioner Peggy Anderson

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

Old Business:

Budget Sub-committee Report

Director McGrail reported that the Budget Sub-committee held an informational meeting this morning. He stated that the agency's recent budget appeal in Salem went well. He noted that there had been some confusion in Salem about the uncertainty surrounding Portland Meadows (PM) and effect the possible closure of the track would have on the agency's revenues and expenditures. The Commission will look at that more closely, he noted, adding that the budget looks to be in good shape based on current information.

He noted other possible effects on the budget include the recent voter-approved ban on greyhound racing in Florida, which could affect ADW licensees and handle. He noted that in Oregon, the handle on dogs could move to horses. The situation at PM will affect simulcast, and discussions are under way to come up with a plan to continue simulcasting in Oregon regardless of PM. He noted that keeping the enthusiasm for horse-racing alive hinges in part on having a simulcast facility for wagering.

He noted that the agency plans to ask stakeholders to submit their requests to the Budget Sub-committee in January.

Chair Palmer asked if the allocation requests will be for 1 or 2 years. Director McGrail responded that it depends on what happens in the next months in Salem, adding that allocation requests may not change, but the allocations themselves might.

Best Practices Sub-committee Report

Vice Chair Conde stated that the Best Practices Sub-committee met this morning and discussed three items. It's time for the Executive Director's performance review, which will follow the same process as in the past: the Commission Chair and Vice Chair will meet with the Executive Director and go over last year's goals and his performance. The Commission then meets in Executive Session with the Executive Director. Vice Chair Conde asked other members of the Commission to convey comments or questions for the Director to him or Chair Palmer by Dec. 31. The Executive Session will be in January or February.

Vice Chair Conde stated that the sub-committee also discussed the Best Practices Scorecard and the internal memo created by staff that aligns Commission accomplishments with goals. The Sub-committee decided to continue this self-evaluation tool.

He noted that the sub-committee also talked about the 2019 Best Practices Survey, which goes out to stakeholders. Last year's survey was deemed a success, so the process will be repeated in May 2019. The sub-committee will provide the survey in Spanish, as well, as many Latino licensees are more comfortable in their native language.

Commissioner Anderson added that as the ORC website is redesigned in the future, the sub-committee would like to see a Spanish version made available as well.

Executive Director's Report

Director McGrail reported that the Portland Meadows (PM) meet was generally going well. Field sizes have been decent, and four Oregon-bred races have been held, which is good for the breeders. A catastrophic injury on Oct. 30 was the first of the racing year.

In national election news, Director McGrail reported that Idaho voters rejected an initiative measure that would have allowed Instant Racing; as a result Les Bois Park is likely to remain closed. In Florida, voters approved a measure to end greyhound racing by the end of 2020. As 11 of the nation's 17 dog tracks are in Florida, this will have a significant effect on that part of the pari-mutuel market. Neither result was a surprise, he added.

Director McGrail noted the budget continues to evolve. Salem has acknowledged the uncertainty with PM. The agency appealed the original budget proposal presented by the state, and that appeal went well.

Director McGrail thanked Statewide CFO George Naughton and his team for their thoughtful attention, as well as the ORC's Karen Parkman for her efforts in gathering details for the meeting.

Director McGrail reported that he and ADW Supervisor Connie Winn plan to attend the University of Arizona's Race Track Industry Program symposium next month in Tucson. Many of the ORC's ADW licensees and tote companies attend, so the ORC's presence is important.

He noted that the agency's Legislative Concepts are designed to help ADW licensees remain competitive. He stated he would be asking stakeholders to contact legislators to express their support for the concepts, adding that fair-meet funding and breeding depend on money generated by licensing and regulating these companies, so support of the concepts is important. He added that Legislative Committee Days in Salem start Dec. 12.

FROG Report

Lynnelle Fox Smith, Executive Director of the Oregon Thoroughbred Owners & Breeders Association (OTOBA), reporting on behalf of FROG. She stated that FROG met this morning and members approved changes to the by-laws that remove the Commission from FROG; she added Commission members are still welcome to attend meetings. The group also discussed contingency plans for PM. She noted there will be no FROG meeting in December, and the next meeting will be Jan. 12 during the Oregon Fairs Association meeting in Salem, with details on time and place to come.

Portland Meadows (PM) Report

Karsten Hennze, PM General Manager, reported that in 14 days of live racing, things continued to go well, except for one breakdown. The track has been in good shape.

On the export product, handle is up 3 percent from last year, \$6.68 million compared to \$6.5 million. Year-to-date, simulcasting for PM and the OTBs has been up \$2 million, \$25 million total handle in the whole network. Of that amount, \$15 million is from PM, compared with \$12.4 million last year, a significant improvement, he stated. The OTBs are up \$600,000. Instant Racing also continues to perform well, he added.

Mr. Hennze noted that \$5 million of the \$25 million is bet on greyhound racing. He called those bettors "specialist" wagerers, adding it remained to be seen how many would switch to horseracing as greyhound tracks close in Florida. He added that Oregon, stemming from Multnomah Kennel Club days, tends to have a heavy representation of dog bettors compared to other jurisdictions.

Regarding the sale of the PM property, Mr. Hennze reported that the landowners and the potential buyer have signed a contract, with finalization expected in April or May. Discussion continues on a plan for PM between the time live racing ends in March and when PM's license expires in June. He noted that the good news is that period includes the Kentucky Derby, so it has the best chance for PM to be profitable. Mr. Hennze stated that PM has approached the potential buyers about timing, and he hopes to have some feedback – either no news or more information -- in the next couple of weeks.

New Business:

Commissioner Williamson reported that the Commission held six rule hearings beginning at 11 a.m. today. Nobody testified.

Two temporary rules – amendments to OAR 262-210-0010 and 262-210-0030 – are in effect, and if adopted will become permanent Dec. 8, he stated, noting that public comment must be submitted by tomorrow. (None has been received.)

Action: Adopt Amendments to OAR 462-210-0010, Definition of Account Holder, and amendments to OAR 462-210-0030, Establishing an Account

Moved by: Commissioner Charles Williamson

Discussion: ADW Supervisor Connie Winn explained the amendments allowed for partnerships in the category of “account holders,” as had been requested by two ADWs.

Seconded: Vice Chair Diego Conde

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

Commissioner Williamson reported that the proposals involving OAR 462-220-0010, 462-220-0030 and 462-220-0055 all involved handicapping. He noted there was a proposed change to the last word in paragraph (12) of 462-220-0055: from “...designated races remain” to “...designated races are completed.”

Action: Adopt Amendments to OAR 462-220-0010, Definitions for Handicapping Contests, and Amendments to OAR 462-220-0030, Approval of the License for a Hub Operation, and Adopt OAR 462-220-0055, Provides regulatory framework for handicapping contest

Moved by: Commissioner Charles Williamson

Discussion: Ms. Winn explained that under statute, the ORC has a provision for handicapping contests but has never had a rule framework. Such contests are becoming more prevalent online, and these rules set up a regulatory framework, she stated, adding that she believes Oregon would be the first jurisdiction to do so.

Seconded: Vice Chair Diego Conde

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

Commissioner Williamson noted that proposed amendments to OAR-462-22-0040 strike no-longer applicable years from the rule and clean up the rule to remove outdated information.

Action: Adopt Amendments to OAR 462-220-0040, State of Oregon Share of the Pari-Mutuel Handle

Moved by: Commissioner Charles Williamson

Seconded: Vice Chair Diego Conde

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

Fair Director’s Report: Harney County Fair

Jordon Bennett, Manager of the Harney County Fair, reported that the fair meet was a success. He reported that the purse payout was \$55,600, none of which came from the fair or the community. That is something he wants to work on, he stated, noting he plans to review sponsorship packages. In the past, the fair has paid for buckles, blankets or other awards for race winners, but not provided purse money. Mr. Bennett stated he wanted to consult with other fair meets and see how they go about raising that money.

The meet held 20 races. It had planned on 23, but there was a miscommunication with the race secretary, Mr. Bennett noted – something to work on.

From what he heard, track conditions were fantastic, Mr. Bennett stated, adding he has heard no complaints. Track consultant Steve Wood provided his expertise.

For the second year, Harney County rented the Crooked River Roundup starting gate. Mr. Bennett stated he would like to continue that arrangement.

The track crossing has been an ongoing issue because the rodeo and races are held simultaneously. Mr. Bennett noted this is an internal policy issue of deciding which event has precedence and who is in charge.

The handle of \$18,212 was down about \$1,000 from last year, but two fewer races were run in 2018. Because fair admission includes free admission to the races and rodeo, he noted there is no way to determine how many people attend the races. Mr. Bennett stated he would like to come up with a system to do that next year.

The meet drew eight jockeys, who took home \$9,461, and 102 horses for an average field size of 5.2. After a microburst storm in May destroyed 40 stalls, fair management replaced them. Other improvements were made to the grandstands, including hand rails and safety lighting.

Mr. Bennett stated that everyone he talks to locally says, “Do not let racing leave. It’s the lifeline of our fair.” He noted that comparing racing expenses to revenue, the fair lost about \$8,000, but as he stated before, it’s impossible to tell how many fairgoers attend the races, how many racegoers buy food at the fair, etc. He concluded by stating that the races are a boost to the community.

Chair Palmer noted that other fairs contribute to purse money. She also noted that the track crossing has been a long-standing safety problem. Mr. Bennett clarified that the problem this year was that the gate was locked to prevent crossing, and that upset some of the cowboys.

Other Business That May Properly Come Before the Commission:

None

Public Comment:

None

Confirmation of Next Commission Meeting:

Commissioners noted that the December meeting is often canceled, but at this point, the next regular Oregon Racing Commission meeting will be Thursday, Dec. 20, 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: Vice Chair Diego Conde

Seconded: Commissioner Charles Williamson

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

There being no further business, the meeting was adjourned at 2:08 p.m.