



Minutes
Oregon Racing Commission
June 20, 2019

Meeting Detail

The Oregon Racing Commission (ORC) met on Thursday, June 20, 2019, in Room 1B 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; Commissioner Charles Williamson; Commissioner Peggy Anderson; Commissioner Steven O'Hagan

Excused

Vice Chair Diego Conde

Staff

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

Agenda Items

Approvals:

Action: Approval of the meeting agenda, amended to add Discussion of Portland Meadows Race Meet Application

Moved by: Commissioner Charles Williamson

Seconded: Commissioner Peggy Anderson

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

Action: Approval of the minutes from the May 16, 2019, ORC meeting

Moved by: Commissioner Charles Williamson

Seconded: Commissioner Peggy Anderson

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

Old Business:

Budget Subcommittee Report

Chair Palmer reported that the subcommittee met this morning and discussed the cost of holding the September Commission meeting in Grants Pass, to coincide with the opening of the TMB Racing commercial meet. The cost for five Commissioners and one staff person to stay two nights was estimated at about \$3500. In addition, the cost for individual Commissioners to attend various fair meets during the summer was estimated at \$2500, for a total cost of about \$6,000. The Budget Subcommittee felt that was a reasonable sum, she stated.

Chair Palmer asked Executive Director McGrail to determine a date in September or October for the Grants Pass meeting, with the stay to be Saturday and Sunday nights and the meeting scheduled for Sunday morning, and report back at the July meeting.

Chair Palmer also reported that the subcommittee discussed expenditures and revenues and how changes in the simulcast and commercial race meet have affected them. She noted that hub fund allocations will take a big hit, adding that the Commission has largely allotted all the money available to the fairs and associations. With a balance of about \$100,000, the Commission will not entertain any further hub fund requests at this time, she stated.

The subcommittee also held an executive session to discuss staffing costs, she added.

ADW Subcommittee Report

Commissioner Williamson reported that because Vice Chair Diego Conde is out of town, the subcommittee rescheduled its meeting for Monday, June 24, when it will plan the upcoming roundtable meeting with ADWs.

Executive Director's Report

Director McGrail reported that the summer fair meets started June 7 with 21 races over three days in Union. Total handle was slightly down from 2017 (two of three race days were canceled in 2018 because of rain), but two fewer races were run, so the average was slightly higher, he noted. No horses were injured; one jockey suffered a minor wrist injury, Director McGrail stated. The meet continues to struggle with low numbers of horses and jockeys to ride them, he noted; only seven riders were available in Union. He noted the contributions of Racing Director Nate Jacob and his staff and volunteers to making the meet successful, as well as thanking the horsemen for attending the meet.

Director McGrail stated that the Grants Pass meet opened last weekend. Improvements are under way, with a temporary big-screen in the infield and a tote board on order. Handle has been comparable to last year. As at Union, there were not enough jockeys. Stewards reported no horses or riders suffered injuries on opening weekend. Director McGrail noted that Presiding Steward Mike Twiggs has agreed to tattoo the roughly 20 horses at the meet that lack tattoos – a big job.

Senate Bills 76 and 77 were signed into law last week, he noted. The hope is they will stabilize the pari-mutuel market in Oregon and help it grow.

Director McGrail noted that the commercial meet in Grants Pass is scheduled for 14 Sundays and Mondays, Sept. 22 through Nov. 4. There is a lot of excitement in the community about the meet, he stated. Plans call for widening and lengthening the chute to allow for 10-horse Quarter Horse fields and perhaps opening a simulcast center and historic racing terminals in the long term. They also are trying to

put together a plan to keep simulcast alive while the transition occurs from the Stronach Group to TMB Racing.

At the end of the Executive Director's report, Chair Palmer formally introduced new Commissioner Steven O'Hagan. Commissioner O'Hagan reported that he has been a lawyer for nearly 20 years. He stated he is excited to help and learn about horse racing.

Update on TMB Racing LLC

Rod Lowe and Kendra Lellis of TMB Racing, accompanied by Omar Amin of Churchill Downs, updated the Commission on plans for the commercial meet in Grants Pass. Ms. Lellis reported that \$415,000 has been invested so far in improvements at the track. Following a public hearing, the city has given the approvals necessary to lengthen and widen the track, she added. They have agreements to lease and buy equipment, sent out Source Market Fee agreements and have received four back.

Mr. Lowe added that TMB is working on agreements with the Oregon Horsemen's Benevolent and Protective Association and Churchill Downs. All contracts are on track, he stated. Priorities this fall, he noted, are equipment (tractors, water truck, horse ambulance, harrows), new safety rail, and the tote board.

Chair Palmer asked about the status of the simulcast license.

Mr. Amin stated TMB has a plan. Tote machines are being configured and shipped. Putting OTBs back on line is a priority, he stated, and TMB is talking with current OTB owners. TMB is targeting July 1 for the first group of OTBs, which includes Portland-area outlets Alexander Sports Bar, Tom's Bar and Rialto. If there is a delay, he added, it would consist of weeks, not months.

Mr. Lowe added that work to be done includes rewiring and building cabinets. Logistically, it takes time to shut down the current system and start a new one, he noted.

Director McGrail noted that retaining the OTB customers is critical. Racing starts at Del Mar in July, and the summer months are important to handle, he stated.

Mr. Amin stated that TMB is doing its best to mitigate disruption, but it's a big transition, so disruption is inevitable. He reiterated that the overall plan is on track.

Mr. Lowe added that the organization understands the budgetary aspect and the effect on the ORC budget. It will be a lot better system, he stated, but may take some time to make the transition. If some of the current OTBs do not want to join TMB, he noted, his group is committed to finding others to replace them.

In response to a question from Commissioner Williamson, Mr. Lowe stated that the simulcast at Portland Meadows (PM) will not continue. He reported that TMB had reached out to the Stronach Group several times, without success. Mr. Amin noted that TMB had prioritized the three OTBs closest to PM. They are cognizant that the bulk of the handle comes from that area.

Chair Palmer stated that the simulcast not only affects the Commission's ability to distribute hub funds, but more importantly, it also affects the breeders. She encouraged them to do their best to make the July 1 deadline for the transition.

New Business

Discussion and Possible Approval of Harney County Fair Forms B and C

Director McGrail noted that the application is consistent with past years and recommended approval of Forms B and C for the Harney County Fair race meet application.

Action: Approve Harney County Fair Forms B and C

Moved by: Commissioner Charles Williamson

Seconded: Commissioner Peggy Anderson

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

Annual Review of Advance Deposit Wagering Company Licenses

ADW Supervisor Connie Winn reported that all audits are up to date. All the licensees are in great shape, she stated. Summarizing the steps she goes through, Ms. Winn stated that all the ADWs are in compliance. Several incorrect dates on handouts were corrected.

Discussion and Possible Approval of Tote Company licenses

Josh Dieringer, Supervisor of Pari-Mutuels, reported that there were no findings regarding the tote companies that concerned the Commission. With the exception of Colossusbets Limited, which was recently approved, United Tote, Sportech Racing LLC and AmTote International have been with the ORC for many years, he stated.

Action: Approval of tote company licenses for AmTote International, Colossusbets Limited, Sportech Racing LLC and United Tote

Moved by: Commissioner Charles Williamson

Seconded: Commissioner Peggy Anderson

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

Discussion of Portland Meadows (PM) Race Meet Application

Chair Palmer noted that the application submitted by Portland Meadows is incomplete. If a vote is warranted, she stated, the Commission can hold a special meeting next week in light of the fact that the deadline is June 30.

JT Corrales and Brian Sarchi of PM addressed the Commission. Mr. Corrales stated that they wanted to make themselves available to help sustain the simulcast through the transition period. He reported that Travis Boersma of TMB called PM's Scott Daruty on Saturday, asking if PM would do a 6-month transition. Mr. Corrales stated that the application was a "place holder" to enable PM to have a dialogue with the Commission. He acknowledged that it was late, but stated that they thought there might be a need for it.

If PM is not replaced, he stated, about 55 percent of the handle will "go dark". Keeping the four OTBs referenced earlier by TMB open accounts for about \$6 million in handle. As of July 1, if the simulcast is not in place, handle will drop from \$28 million to \$6 million. Noting that he will not be working for Stronach Group after this month, Mr. Corrales stated that he was nonetheless concerned about this picture. He stated that PM would like to do whatever is possible to get the application approved and act

as a Band-Aid, if need be, until TMB is sustainable. If the consensus is that TMB is sustainable, Mr. Corrales indicated that PM would be willing to withdraw the application, but added that the company has employees that it has to notify if they are going to be let go. "There's no coming back for us," he added.

Chair Palmer asked Mr. Dieringer what was missing from the application. He reported that, among other things, the number of race days is incorrect (he characterized this as a clerical issue – 37 days was picked up from last year's application); the five days proposed conflict with dates proposed by TMB (Mr. Sarchi stated the intention was to adjust those dates after discussion with the horsemen); no agreement has been reached with the OHBPA; an agreement is required to run a shorter meet than statute requires; the horsemen's approval of the export sites is missing; a check to the ORC for the proposed days was not included; and some bonds expire at the end of the fiscal year.

Commissioner Williamson expressed his appreciation for the possible opportunity to keep the simulcast going while TMB gets under way. He asked Director McGrail to work with both parties to keep simulcast alive in the interim period.

Director McGrail noted that Stronach Group has acted in good faith in continuing the simulcast through the licenses period, as promised. He stated that the PM market is important. He asked if Stronach Group was amenable to running simulcast only, without the Instant Racing terminals. Mr. Corrales responded that he couldn't answer without looking into it. Director McGrail added that this was a business decision for the two parties to make and not a Commission decision.

Chair Palmer stated that before the Commission could entertain a vote, it needed a clearer picture.

Mr. Corrales concluded by stating that doing something to maintain the status quo with a few "gives" would result in wins for everyone, while doing nothing would likely result in losses across the board.

Contested Cases:

None

Public Comment:

Future of Racing in Oregon Group (FROG) Report

Lynelle Fox Smith reported on behalf of FROG. She stated that FROG met this morning and members discussed the same things the Commission discussed today, the summer fair meets and were looking forward to the commercial fall meet in Grants Pass.

Confirmation of Next Commission Meeting:

The next regular Oregon Racing Commission meeting will be Thursday, July 18, 2019, at 1:30 p.m. in Room 1B of the Portland State Office Building (PSOB), 800 N.E. Oregon St., Portland, OR.

Adjournment:

Action: Motion to adjourn.

Moved by: Commissioner Charles Williamson

Seconded: Commissioner Peggy Anderson

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

There being no further business, the meeting was adjourned at 2:17 p.m.