

Washington Horse Racing Commission
Special Teleconference Meeting Minutes
April 10, 2009

Present on the telephone conference was: Paul George, Chairman; Jeff Colliton, Commissioner; Dr. Bud Hallowell, DVM, Commissioner; Hartly Kruger, Commissioner; Marta DeLeon, Assistant Attorney General; Robert J. Lopez, Executive Secretary; Patty Sorby, Confidential Secretary; Doug Moore, Presiding Steward; Steve Kalmbach, Investigator; Cliff Schellinger, President, Tri City Horse Racing Association; Shirley Farrell, Petitioner.

Chairman George opened the special meeting via telephone conference at 9:01 a.m., those attending identified themselves.

Item #1. Larry Farrell – Request to lift a provision of Washington Horse Racing Commission (WHRC) Order WHRC 2007-003 and grant Larry Farrell temporary and limited access to the Sun Downs race track on Sunday, April 12, 2009.

Chairman George explained the purpose of the special meeting to address a request from Mrs. Shirley Farrell regarding her son Larry Farrell, who is permanently revoked access to any part of the race track under the jurisdiction of the Commission, be able to attend a memorial race in honor of Tom Farrell, deceased, his father, that will be held on April 12, 2009, Kennewick, Washington.

Mr. Lopez refreshed the Commissioners on the restrictions contained in WHRC Order 2007-003. Mr. Lopez also read Mrs. Farrell's letter requesting her son be allowed to attend the ceremony, into the record.

Testimony was taken from Mrs. Farrell. Cliff Schellinger, President, Tri City Horse Racing Association, Sun Downs Race Track said he was in support of the request by Mrs. Farrell.

Doug Moore asked Mr. Lopez to state the restrictions and recommendations regarding Larry Farrell's attendance so that he and Investigator Kalmbach could monitor him.

Meeting adjourned at 9:10 a.m. for the Commissioners to discuss the matter with their attorney. Chairman George stated to those listening to hang up and call back in at 9:35 a.m. they would announce their decision.

Meeting reconvened 9:35 a.m.

Chairman George announced that it was unanimous to allow Larry Farrell to attend the Tom Farrell Memorial race to be held on April 12, 2009 with the following conditions: Mr. Farrell must contact the Commission investigator prior to entering the grounds where the investigator in coordination with the presiding steward, will notify Mr. Farrell when he is permitted to enter the grounds; Mr. Farrell will only be allowed on the grounds ten minutes prior to the post parade for the memorial race as directed by the presiding steward; may only remain in the grand stands and

winner circle; and he is ordered off the grounds within ten minutes of the conclusions of any ceremonies. He may not consume alcohol or be under the influence of alcohol and or drugs, he may not wager on any race while at the track, if he attempts to enter the grounds while under the influence of alcohol and or drugs he will be denied access and ordered to leave the grounds, and he must leave the grounds if ordered to do so by a member of the Board of Stewards or Commission security investigator.

Meeting adjourned at 9:40 a.m.

Robert J. Lopez, Executive Secretary

Washington Horse Racing Commission
Meeting Minutes
April 17, 2009

Meeting convened at 10:30 A.M.

Present were: Paul George, Chairman; Jeff Colliton, Commissioner; Dr. Bud Hallowell, DVM, Commissioner; Hartly Kruger, Commissioner; Marta DeLeon, Assistant Attorney General; Robert J. Lopez, Executive Secretary; Patty Sorby, Confidential Secretary.

Item #1. Approval of the meeting minutes of March 12, 2009.

Commissioner Kruger moved to approve the minutes as submitted. Commissioner Colliton seconded the motion. Unanimously approved.

Item #2. Approval of the meeting minutes of April 10, 2009.

Commissioner Colliton moved to approve the minutes of the special telephone conference meeting. Commissioner Hallowell seconded the motion. Unanimously approved.

Item 33. Commissioners' report.

Chairman George said he had attended the races at Sun Downs in Kennewick. He had spoken with Cliff Schellinger, President, Tri City Horse Racing Association. He said Sun Downs had a lot of horses due to Portland Meadows being closed which made for better racing, when there is no overlap of dates. He had heard that Les Bois Park in Boise, Idaho may not open, no decision will be made until May 21st or so.

Commissioner Hallowell said, to make the Commission aware, he had received a flyer from Grayson Foundation/Jockey Club that had an article on incidents of non-fatal injuries on racing

thoroughbreds and how this compliments the equine injury database. Emerald Downs is a member of the alliance and will be a part of this and needs to collect this information. Emerald Downs has also been accepted by UC Davis through Dr. Molette at Pilchuck Clinic to have samples tested for equine viruses at no cost. But talking with Dr. Sally Calkins, there seems to be no participation from race track practitioners in reporting non-fatal equine injuries and he feels the Commission needs to somehow encourage the practitioners to send Dr. Calkins this information so it can also be included in the non-fatal injury database.

Commissioner Colliton informed the Commission that he is intending on attending the races at Sun Downs this weekend and would like to attend the Walla Walla meet too.

Chairman George thought this was a good idea and encouraged the Commissioners to attend if possible since the WHRC would not be able to conduct a meeting in Eastern Washington this year.

Commissioner Kruger said he also intends to go to the meets and had nothing else to report.

Item #4. Emerald Downs report.

Ron Crockett, President, Northwest Racing Associates, LP, reported on Emerald Downs. Mr. Crockett provided three handouts; 1) Magna Enterprises bankruptcy and how it might affect Emerald Downs ability to collect money due from exporting Emerald Downs signal to their locations; 2) A report detailing simulcasting and live meet purse projections in comparison to 2008; and 3) Comparison of the average daily handle from 1992 with 2008.

Mr. Crockett said some things had been established to raise revenue, admission had been raised, reductions in payroll by positions had not being filled and an encouragement in the participation in the Emerald Downs Rewards program.

Mr. Crockett said at this point there are 1,139 horses on the grounds.

Item #5. Motion Before the Commission RE: Dr. Michael Mason, WHRC 2009-002.

Hearing began at 11:20 A.M. Gordon Karg, Assistant Attorney General representing staff appeared before the Commission. Dr. Michael Mason, did not appear. Mr. Karg spoke on behalf of the Motion to Dismiss Dr. Mason's request by stating the timeliness of the request for a hearing was outside the seven days required to file by statute and asked the Commission to dismiss the request for hearing and impose the \$100 fine as ordered by the Board of Stewards.

Commissioner Hallowell recused himself.

Commissioner Colliton moved to dismiss the request by Dr. Michael Mason and uphold the Board of Stewards ruling of \$100 fine. Commissioner Kruger seconded the motion. Unanimously approved by Chairman George, Commissioner Colliton and Commissioner Kruger. Hearing closed at 11:30 A.M.

Item #6. Approval of the Split Sample Labs for 2009.

Mr. Lopez furnished the Commissioner's a copy of the 2009 Split Sample Labs that is contained in the Equine Health and Safety Report and said the list is to be approved by the Commission each year. Mr. Lopez said this list is the same as last year's.

Commissioner Kruger moved to approve the 2009 Split Sample Labs as provided. Commissioner Hallowell seconded the motion. Unanimously approved
7. Executive Secretary's report.

a. Agency Request Legislation – SB 5125.

Mr. Lopez said the agency request legislation regarding Washington bred owners and breeders awards has passed and was signed by the Governor on April 13, 2009.

b. Farm & Agricultural Land – HB 1733.

Mr. Lopez said this bill deals with agricultural land/farm land, open space land. This bill has also passed and is on the way to be signed by the Governor next week.

Mr. Crockett said he'd been watching a bill that would dissolve the Gambling Commission and their licensing requirements be turned over and handled by the Department of Licensing. He said this bill has not moved and is most likely dead. He said he had talked with some people who said this issue may be studied further after session closes.

c. Accountant's recap for March 2009.

Mr. Lopez explained the wagering revenue comparison by calendar year and race year. He stated the handle was down 15.8% comparing March 2008 to March 2009.

Mr. Lopez also gave the Commissioners a breakdown of the advance deposit wagering (ADW) handle and said the figure totals did not reflect all payments. TVG and Youbet.com have not been timely in submitting payments. (TVG is required to submit payments by the 15th of the following month while Youbet.com is required to submit payments quarterly.) Mr. Lopez said both of the ADW firms are scheduled for license renewals in June and this should be a topic of discussion.

Mr. Crockett commented on ADW host fees.

d. 2007-2009 Budget – Monthly report.

Mr. Lopez explained the revenues and expenditures in comparison of projections to actuals. He stated the Commission is trying to cut everywhere possible, but revenues are down.

8. Any other business that may be properly brought before the Commission.

Chairman George asked Mr. Lopez about the progress on submitting a new ethics policy regarding the employees' ability to work in the industry at the close of the racing season. Mr. Lopez said he'd been working with Marta DeLeon, AAG and comments were to be submitted by April 17th after that he would finalize the language to submit to the Executive Ethics Board (EEB) for their consideration/approval. He hopes to have this all done before September 2009 when the season ends. The employees could individually submit their situation to the EEB for approval on a case by case basis.

Chairman George said it would be a good idea for the WHRC to be at the EEB meeting when they are to consider the policy. Mr. Lopez said he would find out when their next meeting is and notify the Chairman.

Chairman George had read in the draft materials a reference to Section 4 employees and asked what that was. Ms. DeLeon explained that the Department of Personnel classified WHRC employees as Section 4, which means they have regulatory duties included their job description.

Meeting adjourned at 12:10 P.M.

Robert J. Lopez, Executive Secretary