

Washington Horse Racing Commission
Meeting Minutes
February 11, 2010

The meeting was convened at 9:30 A.M. at the Auburn City Council Chambers in Auburn, Washington. Present were: Paul George, Chairman; Jeff Colliton, Commissioner; Dr. Bud Hallowell, DVM, Commissioner; Hartly Kruger, Commissioner; Kate Reynolds, Assistant Attorney General; Robert J. Lopez, Executive Secretary; Patty Sorby, Confidential Secretary.

Item #1. Approval of the meeting minutes of January 14, 2010.

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

Item #2. Commissioners' report.

Chairman George stated he'd been working on Commission financial projections and Class C meets issues. Commissioners Colliton and Kruger had nothing to report. Commissioner Hallowell stated he and Robert Lopez had met with Ron Crockett, President, Emerald Downs to discuss financial matters and also had met with Ron Maus, President WA Horsemen's Benevolent & Protective Association.

Item #3. Industry Reports.

a. Emerald Downs.

Robert Fraser, VP Operations reported for Emerald Downs and said mutuels continue to be down although he reported some increase in the satellite handle in Spokane, Yakima and Shoreline. Horse population at this time last year was 588 and on the grounds now at 580.

b. WA HBPA.

Ron Maus, reported he'd spent time with Commissioner Hallowell discussing financials. He said he's working with Emerald Downs to do some marketing to expand horse ownership and feels very optimistic.

c. WTBOA.

Dana Halvorson, President, stated he had little to report and encouraged everyone to attend the annual awards banquet set for February 27th. Thanked Robert Lopez for allowing the membership application displayed on the front counter at the WHRC Commission office.

Item #4. Emerald Downs.

a. 2010 Emerald Downs Race Days & Officials.

Mr. Fraser presented the 2010 race dates package to the Commission requesting 89 days of racing beginning on April 9 concluding on September 26th. Mr. Fraser noted that there had been little change in the packet since opening in 1996. He noted that Emerald Downs would not begin racing Thursdays until June 10. There would be seven races conducted on weekdays, nine races on Saturdays and ten races on Sundays. Mr. Fraser requested approval.

Commissioner Kruger moved to approve Emerald Downs request for eighty-nine days of racing beginning on April 9 concluding on September 26, 2010. Commissioner Colliton seconded the motion. Unanimously approved.

b. WHRC Officials.

Mr. Lopez presented the WHRC officials for the Emerald Downs 2010 race meet. The changes included with Doug Moore now the Deputy Secretary, Ken Doll will be the Presiding Steward and Amanda Benton is a new steward.

Commissioner Hallowell moved to approve the WHRC 2010 Officials. Commissioner Kruger seconded the motion. Unanimously approved.

c. Request for Handicapping Contest – April 2010.

Adrian Buchan, Marketing Director for Emerald Downs explained the proposed contests; there would be two contests one conducted on March 13 and one on April 18 the winners would be eligible to compete in the 2011 Horseplayers World Series in Las Vegas in February 2011; and requested approval.

Commissioner Hallowell moved to approve both handicapping contests as requested by Emerald Downs. Commissioner Colliton seconded the motion. Unanimously approved.

d. Future Wagering – Change in dates.

Mr. Fraser reported that Churchill Downs had changed the dates set for future wagering on the Kentucky Derby and Kentucky Oaks and Emerald Downs was requesting approval to offer the future wagering on the changed dates.

Commissioner Kruger moved to approve the date change for future wagering on the Kentucky Derby and Kentucky Oaks. Commissioner Colliton seconded the motion. Unanimously approved.

Item #5. WHRC Budget Projections:

- a. Revenue Forecast & Expenditure Reductions.
- b. Financial Support to the Class C's in 2010.

Mr. Lopez prepared projections forecasting a sixteen percent downturn in handle and Advance Deposit Wagering (ADW). Mr. Lopez gave several scenarios on how to assist the Class C race

meets by not giving financial assistance at all to them by funding the jockey insurance only and a scenario funding the jockey insurance and the jockey incentive fund. Mr. Lopez warned the fund balance will drop severely under the recommended level of \$400,000 limit if the Commission decided to insure the jockey insurance at \$67,000 and the jockey incentive fund at \$35,000. Mr. Lopez proposed several cuts to the budget that would allow the Commission to fund the \$67,000 jockey insurance assistance but not the \$35,000 jockey incentive fund. Mr. Lopez stated if the Commission was to fund both the jockey insurance and the jockey incentive he would be forced to make deeper cuts. Mr. Lopez's recommendation to the Commission was to approve the requested nineteen days of racing by the Class C meets, fund the jockey insurance and do not fund the jockey incentive fund.

Chairperson George moved to fund the nineteen days of racing and \$67,000 for the jockey insurance and give the Class C meets one year to come up with a plan to allow the Blue Mountain circuit to be able to continue. Commissioner Kruger seconded the motion for discussion purposes.

Commissioner Colliton asked what prospects do the Class C meets have for 2011.

Shorty Martin, representing Class C race meets said that if the Commission did not fund the jockey incentive fund at \$35,000 there would be no jockeys to ride at the race meets. He felt it was imperative to fund the jockey incentive fund.

Melissa Hansen, Dayton Days said they are well aware that this is most likely their last meet and Cory Hewitt of Walla Walla Fair & Frontier Days echoed Melissa's comments.

Commissioner Hallowell voiced concerns about eliminating the necropsy program as it might harm Emerald Downs in their participation in the NTRA Alliance. This program is also important in the eyes of the public.

Commissioner Kruger amended the motion to approve funding of the jockey insurance at \$67,000 and to fund the jockey incentive fund with the understanding that the Class C race meets with the understanding that the Class C meets must raise money to help offset the \$35,000 as much as possible. The motion also includes the savings as proposed on fingerprints, TCO₂ testing and the RMTC equine testing protocols. Commissioner Colliton seconded the motion. Unanimously approved.

BREAK. (11:03 A.M.) RECONVENED. (11:16 A.M.)

Item #6. Class C Race Dates and Officials.

Chairman George read the requested race dates for the Class C race meets; Sun Downs beginning on April 3rd ending on May 2nd racing Saturdays and Sundays; Walla Walla Fair & Frontier Days on May 8 and 9 and a fall meet on September 3, 4 and 5; Waitsburg Days of Real Sport on May 15 and 16; Dayton Days on May 29 and 30, 2010.

Chairman George moved to approve the nineteen days as requested by the Class C race meets. Commissioner Colliton seconded the motion. Unanimously approved.

Item #7. Tabled until March 11 Commission meeting.

Item #8. Approval to Change the date of the April 2010 meeting.

Mr. Lopez requested to change the April 2010 meeting date from April 8 to April 9, 2010 to coincide with the opening day of Emerald Downs.

Commissioner Kruger moved to approve the date change to April 9, 2010. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #9. Rules of Racing – Adoption Hearings:

a. Chapter 260-09 WAC Public Records (NEW CHAPTER)

Doug Moore, Deputy Secretary said staff was proposing to add a new section dealing with public records and how public records requests are processed and if approved would repeal the sections referring to public records in 260-08 WAC would be repealed. Mr. Moore said no public comment was received and staff recommended approval.

Commissioner Kruger moved to adopt. Commissioner Hallowell seconded the motion. Unanimously approved.

b. WAC 260-16-063 WA-bred owners' bonus & breeder awards (NEW SECTION).

Mr. Moore said the new section defines what constitutes a race meet and when a racing association is required to withhold the percentages of the mutuel handle for the WA bred owner's bonus and breeder awards. Mr. Moore said no public comment had been received and staff recommended approval.

Commissioner Kruger moved to adopt the changes to WAC 260-16-063 as requested by staff. Chairman George seconded the motion. Unanimously approved.

c. Policy Statement 2007-04 Owner's Bonus and Breeder Awards (REPEAL).

Mr. Moore said this policy statement was adopted by the WHRC in July 2007 to address concerns regarding the distribution of WA Bred Breeder award monies received from Emerald Downs at the end of the race meet. At that time, the WHRC had no authority to distribute the awards. With the passage of SB 5125 last session the WHRC now has authority to collect and distribute the awards making the policy no longer applicable.

Commissioner Kruger moved to repeal policy statement 2007-04 as it is no longer applicable. Chairman George seconded the motion. Unanimously approved.

d. WAC 260-24-580 starter and assistant starters.

Mr. Moore said this amendment would propose a requirement that assistant starters and anyone approved by the starter to handle horses in the starting gate must wear a safety vest at all race tracks in Washington. Mr. Moore said no public comment had been received and staff recommended approval.

Commissioner Hallowell moved to adopt the amendment to WAC 260-24-580 requiring safety vest to be worn when handling horses at all Washington race tracks. Commissioner Kruger seconded the motion. Unanimously approved.

e. Policy Statement 2006-04 Equine Testing Policy.

Mr. Moore said staff is proposing changes to the equine medication testing program to follow the Racing Medication and testing Consortium's (RMTC) guidelines. Previous policy was to test all winners, second and third place horses in stakes races and from three to five other horses per day depending on the number of races. All samples were sent to the lab for testing. Resulting in very few positives and those for permitted medications, the RMTC suggests that all winners and certain other horses sent to the test barn and samples collected and based on guidelines only one-half of the samples are sent to the lab for testing. Mr. Moore said the WHRC would benefit from if these guidelines were instituted and staff recommended approval.

MaryAnn O'Connell, Executive Director, WA HBPA supported the amendments and said it was a move in the right direction.

Commissioner Kruger moved to approve the changes to Policy Statement 2007-04 Equine Testing Policy. Commissioner Hallowell seconded the motion. Unanimously approved.

f. Policy Statement 2007-03 Random Drug and Alcohol Testing.

Mr. Moore said staff is proposing changes to Policy Statement 2007-03 to make it more efficient with the testing individuals on horseback remaining unchanged, but regarding other licensees who have a criminal conviction or prior ruling dealing with drugs or alcohol. Many times the random listing of names produced, investigators cannot locate and also may list owners who may have had an incident in prior years including DUIs but no other infractions. The intent is to begin focusing on licensees who are actively participating in the care of horses and have a more recent history. Under the new policy the stewards would maintain a list of licensees that have been granted a conditional license and monitor when each was tested and the results. When the list is completed, it would then start over. Staff recommended approval.

Commissioner Kruger moved to approve the changes to Policy Statement 2007-03 Drug and Alcohol Testing. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #10. Application for License – Miguel Rodriguez Vargas.

Mr. Lopez said on October 8, 2008 the Commission conducted a hearing for Mr. Vargas regarding the refusal of a urine test resulting in the reinstatement of a thirty-three day suspension and further a further suspension by the Emerald Downs board of stewards of three hundred and sixty-five days through and including October 9, 2009. Mr. Vargas has completed the suspension period and is applying for a 2010 groom's license.

Mr. Lopez's recommendation was to vacate the Commission Order dated October 8, 2008 and refer Mr. Vargas back to the Emerald Downs Board of Stewards for action.

Commissioner Colliton, Commissioner Hallowell and Commissioner Kruger voted to vacate the Commission Order dated October 8, 2008 and refer Mr. Vargas back to the Emerald Downs Board of Stewards. Chairman George voted no.

Item #11. Hearing before the Commission:

- a. Jim Walter Buchan WHRC 2009-016 (Continued from November 12, 2009).

The hearing was opened at 11:01 A.M. Chairman George introduced those present. Gordon Karg, Assistant Attorney General represented staff. Doug Moore, Deputy Secretary. Jim Walter Buchan was present and not represented by counsel. Testimony was taken. The Commission retired to executive session for fifteen minutes (11:30 A.M. – 11:45 A.M.) It was the decision of the Commission that Mr. Buchan not be licensed. Hearing adjourned at 11:46 A.M.

Item #12. Executive Secretary's report.

- a. Agency-Request Legislation, SSB 6393 and SHB 2678.

Mr. Lopez updated the Commission on the status of the agency legislation regarding the Class C purse monies.

- b. SB 6503 Closing State Agencies on Specified Dates.

Mr. Lopez gave the Commission the status of the agency being required to do furloughs on certain days as prescribed by the Legislature.

- c. HB 2921 2010 Supplemental Operating Appropriations.

Mr. Lopez gave the status of the legislation that deals with the WHRC's ability to travel, hire, and freezing salaries at current levels.

- d. SB 6841 Concerning Tax Preferences.

Mr. Lopez said this legislation deals with the horse racing industry paying business and operating taxes to the state of Washington. Mr. Lopez asked the Commission to guide him as how to deal with support or non-support of this legislation by the WHRC.

Chairman George moved to strongly oppose the imposition of the business and operating tax imposed on the horse racing industry. Commissioner Kruger seconded the motion. Unanimously approved.

Item #12. Any other business that may be properly brought before the Commission.

Chairman George announced the next meeting to be on March 11, 2010. Mr. Lopez said TwinSpires will be applying to renew the Advance Deposit Wagering license for 2010 and some rule adoptions would be on the agenda.

Meeting adjourned at 1:16 P.M.

Robert J. Lopez, Executive Secretary