

Washington Horse Racing Commission  
Meeting Minutes  
February 10, 2011

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

Item #1. Approval of the meeting minutes of January 13, 2011.  
Commissioner Kruger moved to approve the minutes as submitted. Commissioner Colliton seconded the motion. Unanimously approved.

Item #2. Commissioners' report.

Chairman George said that Commissioner Hallowell had been reappointed to the Commission for another six years. He said that Senator Joe Fain had been appointed as an ex-officio member to the Commission.

Commissioner Colliton, Hallowell and Kruger had nothing to report.

Item #3. Class C Race Dates and Officials.

Chairman George said the Class C racing associations had submitted requests for racing; Sun Downs requested ten days; Waitsburg requested two days; Dayton requested two days; and Walla Walla requested two days in the fall that represented their normal request with the exception of Walla Walla which had elected to drop two spring days and one day in their fall request.

Robert Lopez explained the financial implications of funding sixteen days of racing at the Class C race meets, that the Commission cannot fund at the same staffing level as in the previous years. Mr. Lopez said one solution was to offer to grant six race days to the Class C meets on the condition that the Class C track assume several of the vet assistant positions, provide photo-finish services, and accept less Commission staff, including reduced hours. With these conditions there is sufficient money in the Class C purse account from the pari-mutuel tax to fund purses at \$15,800 per day and the regulatory cost to the agency would be approximately \$17,000. Mr. Lopez also said there is no guarantee for any dates to be awarded for 2012.

Chairman George said the reality was that cuts must be made and there is no money, with \$17,000 in regulatory funds and six days of purse money, that is the only way the Commission can grant Class C race dates in 2011.

Commissioner Colliton commented that even by granting six days of racing the Commission fund balance drops below the required amount to be held in our account and more cuts are being mandated for the next fiscal year.

Commissioner Kruger said he is a staunch supporter of racing in Eastern Washington, it is a tough situation and there is no way out at this time. He advised the four associations to try to raise private monies, possibly by going to their counties for assistance.

Chairman George moved to grant six days of racing to Tri City Horse Racing Association operators of Sun Downs Race Track based on the funding of \$17,000 for regulatory costs and six days of purse money @ \$15,800 per day totaling \$94,800. Commissioner Kruger seconded the motion. Unanimously approved.

Cliff Schellinger, President, Tri City Horse Racing Association accepted the race dates and conditions and stated that he would consult with his association and advise the Commission of the exact dates he will be running the meet.

a. SB 5747 Concerning horse racing funds.

Mr. Lopez said legislation has been introduced by former Ex-Officio Member Senator Mike Hewitt that would amend RCW 67.16.105 and RCW 67.16.280. The amendment would grandfather those Class C nonprofit race meets that ran in 2010 from the requirement to run five consecutive years before they would be eligible to receive purse money. The proposed legislation would also limit purse money from the pari-mutuel tax (one tenth of one percent from the gross receipts from all wagering at Emerald Downs) and eliminate the requirement of the Commission to fund purses at a \$15,800 per day. Mr. Lopez asked the Commission for support of this legislation.

Chairman George moved to support SB 5747 legislation. Commissioner Colliton seconded the motion. Unanimously approved.

Cory Hewitt, General Manager, Walla Walla Fair & Frontier Days asked the Commission why was the decision to grant all six days to Sun Downs.

Chairman George said it was the best facility to be able to continue, the Commission has given money to renovate and upgrade the facility, and it's the best option until the economic situation improves.

Shorty Martin asked why there was opposition to an increase in the takeout from the handle.

Chairman George stated there would have to be approval from two-thirds of the house and senate to pass any tax increase and he felt there was just no support to do that at this time.

Mr. Lopez said that raising the takeout would not work. Not only the Commission, but the owners and breeders association and the horsemen's association would all want their fair portion of any increase in the takeout percentage.

Chairman George said there is no happy alternative, but hopefully a small part of the small race meets can be saved to keep racing going in Eastern Washington.

RECESS (10:17 A.M.) RECONVENED. (10:27 A.M.)

Item #4. Industry reports.

a. Emerald Downs report.

Mr. Ron Crockett, President, Northwest Racing Associates, LP, said the Muckleshoot Tribe has given Emerald Downs the purse supplement and that he, Ron Maus, President, WA Horsemen's Benevolent & Protective Association (WA HBPA) and Dana Halvorson, President, WA Thoroughbred Breeders and Owners Association (WTBOA) had written a letter thanking them for their continued support of Washington racing.

Chairman George suggested that the Commission should also send a thank you letter and requested Mr. Lopez to do so.

Mr. Crockett also said the purse money would now go to each participant in the race, horses not placed in the race would receive \$100 for participation.

Mr. Crockett said the handle continues to decline and the cash flow has declined \$1.229 million from this time in 2010. He said Emerald Downs will be conducting forty plus quarter horse races at Emerald Downs and that sixty-eight percent of the boxes have been renewed to date.

b. WA HBPA report.

MaryAnn O'Connell, Executive Director, WA HBPA said there is positive feelings on the backside and there's a lot hope and excitement for the new season.

c. WTBOA report.

Dana Halvorson, President, WA Thoroughbred Breeders & Owners Association said their awards banquet will be held on February 19 and hoped all could attend. He said the Washington breders have had an incredible year and there will be a good program.

Item #5. Emerald Downs:

a. 2011 Emerald Downs Officials; and

b. 2011 WHRC Officials.

Mr. Lopez spoke on behalf of the submission for officials.

Commissioner Colliton moved to approve the 2011 Emerald Downs officials and the 2011 WHRC officials as submitted. Commissioner Kruger seconded the motion. Unanimously approved.

Item #6. Approval of Split Sample Labs.

Mr. Lopez said it is required in rule to approve the split sample labs each year. Staff recommended approval.

Commissioner Kruger moved to approve the split sample labs as submitted. Commissioner Colliton seconded the motion. Unanimously approved.

Item #7. XpressBet's Proposed change to Plan of Operation.

Mr. Lopez said the Oregon Racing Commission recently approved a change to the Plan of Operation regarding XpressBet entering into an agreement with the Daily Racing Form trademarks to offer another wagering portal that allows XpressBet to recruit new customers which includes Washington customers. Per WAC 260-49-030(8), no changes to XpressBet's plan of operation may be occur until approved by the Commission. Staff recommended approval.

Commissioner Kruger moved to approve XpressBet's change to their plan of operation. Commissioner Colliton seconded the motion. Unanimously approved.

Commissioner Hallowell commented that advance deposit wagering hasn't been the salvation it was thought to be and further removing the horse from the picture is not good because we can't compete with other forms of gambling.

Item #8. Rules of Racing – Changes to Policy Statements.

a. 2007-01 – Licensing Requirements for Initial License ( Amending).

Doug Moore, Deputy Secretary presented the amendments to policy statement 2007-01 the first change was: to obtain a trainer's license the applicant must have held a license in the horse racing industry for a minimum of two years instead of three; and, to apply for a jockey license, the applicant must have held an exercise rider's license for one year or have equivalent experience; a jockey applicant must be sixteen years old rather than eighteen years old; finally, in regard to an exercise rider's license the applicant must obtain a recommendation from at least one trainer, removing the requirement that this recommendation be in writing. Staff recommended approval.

Commissioner Colliton moved to approve the amendments to WHRC Policy Statement 2007-01. Commissioner Kruger seconded the motion. Unanimously approved.

Commissioner Colliton said he'd been asked during the break if there was going to be a difference in the licensing fees for the Class C race meet because of only six days of racing.

Doug Moore responded no, these rates are set in rule and the department of Labor & Industries sets the insurance premium rates for the Class C meets.

b. 2010-01 – Effect of Multiple Disqualifications (Repealing).

Mr. Moore stated this policy is no longer needed. Staff recommended repealing this policy statement.

Commissioner Kruger moved to repeal WHRC Policy Statement 2010-01. Commissioner Colliton seconded the motion. Unanimously approved.

Item #9. Executive Secretary's report:

a. 2010 Advance Deposit Wagering License renewals.

Mr. Lopez notified the Commission of his intention to address a continuing problem that has come up with regard late payments being made by the advance deposit wagering firms. Mr.

Lopez proposed to prepare and send new Orders to each of the firms including a firm date in which the source market fee are due and will also include detailed conditions and possible penalties when paying after the due date.

b. Wagering Recap.

Mr. Lopez recapped the wagering and said it continues to decline at present is down 12.5% for the month and 13% for the race year.

c. Monthly Financial Statement.

Mr. Lopez explained the revenues and expenditures for January 2011. The fund balance at the end of January was \$414,629 reminding the Commission the most expensive months are coming up.

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

Chairman George said the next meeting of the Commission is on Thursday, March 10, 2011.

Commissioner Kruger offered his expertise to assist in finding funding sources for the Class C race meets. Chairman George said he approved of the idea.

Anne Sweet, WTBOA asked if funding was found, could the other meets possibly receive 2011 dates to race. Mr. Lopez said no, not at the current law.

Hearing nothing further, meeting was adjourned at 11:29 A.M.

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Robert J. Lopez, Executive Secretary