

Washington Horse Racing Commission  
Meeting Minutes  
February 10, 2012

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, Commissioner; Robert J. Lopez, Executive Secretary; Patty Sorby, Confidential Secretary.

Item #1. Approval of meeting minutes of January 13, 2012.

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

Item #2. Commissioner's Report.

Chairman George had nothing to report.

Commissioner Colliton, Washington's representative on the National Racing Compact said that their annual meeting was being held by phone on Wednesday February 15,, 2012.

Commissioner Colliton asked that Robert Lopez be approved as the alternate in case he was unable to attend. Chairman George moved that Robert Lopez be Washington's alternate representative for Wednesday's meeting of the National Racing Compact. Commissioner Hallowell seconded the motion. Unanimously approved.

Commissioner Hallowell said he attended the Pegasus Training Center horse sale last Tuesday.

Chairman George mentioned the Washington Thoroughbred Owners and Breeders awards dinner on February 18<sup>th</sup>, and said that Commissioner Hallowell would be in attendance on behalf of the Commission.

Item #3. Industry reports.

a. Emerald Downs.

Jack Hodge, Vice President, Emerald Downs reported for Mr. Ron Crockett who was out of town. Mr. Hodge said the simulcast handle was doing very well until the storm went through and it has set them back. It was down 2.5 percent, then down to 3.2, and presently it's 3.6 down and whether it can recover is not known. Hopefully it will to pick up ground. Mr. Crockett sent a letter to the Muckleshoot Tribe requesting the purse subsidy for 2012. Their elections were held and the Council is set. Mr. Hodge did not know of the timing for them to consider the purse request, but he didn't anticipate receiving anything less than what was provided last year. Mr. Hodge said there's no overnight purse schedule set yet, but that will be done once the Tribe considers the Emerald Downs' purse request. The Stakes Schedule is same as last year \$1.525 offered in Stakes, \$135,000 Northwest Race Series, and possibly some money to go into the 2 year old series. These figures are less than last year's. Emerald Downs may be able to put some

money into the 3 year old races, Emerald Downs used to do this before shrinking money and now they are unable to do so. Mr. Hodge said there are 342 horses on the grounds, last year on this date there were 341. Stall applications received are 70 reflecting 1230 head; this is down 5.5% from last year. Mr. Hodge said this is not totally bad news, more positive than he'd anticipated. They are also in the process of hiring for assistant racing secretary position.

b. WHBPA.

Mr. Ron Maus, President, WHBPA, provided a short presentation that he had received through his being an owner in California. It was a presentation from Dr. Mark Dedomenico regarding medication issues specifically the use of Salix® on race day. Mr. Maus talked about the Pegasus Training Center sale and mentioned the prices of the sale horses were such that it made it so local trainers weren't able to purchase for local owners. They've priced themselves out of the local market.

Mr. Maus said there was a Board meeting after the Commission meeting and wanted to recognize that Keith Swaggerty, Sue Spooner and Karla Laird, all Board members, were all in attendance today and at most of the meetings of the Commission.

c. WTBOA.

Mr. Dana Halvorson, President, WTBOA, talked about the upcoming awards banquet, he hoped everyone could attend, he said it was a good social event. Mr. Mike Fuerborn, 1<sup>st</sup> Vice President, was conducting a major fund raiser for the association, and was asking for donations. Mr. Halvorson remarked on the Pegasus sale, he said several trainers were in from California and elsewhere. There were four Washington bred horses bought at the sale.

Item #Emerald Downs 2012 Application and Officials.

Mr. Lopez recommended approval of both the Emerald Downs' officials and the WHRC officials. Commissioner Colliton moved to approve the officials for Emerald Downs and the Washington Horse Racing Commission as presented. Commissioner Hollowell seconded the motion. Chairman George asked what a "quick official." was Mr. Doug Moore, Deputy Secretary explained the quick official. He stated that jockeys could notify the outrider at the end of the race if there was an inquiry and the stewards could hang the inquiry sign, but if a jockey doesn't lodge a complaint at the end of the race, the race is declared official quicker.

Unanimously approved.

Item #5. Class C's 2012 Application for race dates and officials.

Mr. Lopez stated that the only application for 2012 Class C race dates came from Sun Downs in Kennewick, Washington. They've asked for six days beginning April 21<sup>st</sup> racing every Saturday and Sunday ending on May 6<sup>th</sup>. Dayton Days and Waitsburg Days of Real Sport intended to apply, but the high cost of the jockey insurance made it impossible for these two communities to

fund their meets. Mr. Lopez said the 2012 purse account amounted to slightly over \$93,600. Six days at Sun Downs would fund purses at \$15,600 per day. Staff recommend approval of Sun Downs request as long as Sun Downs provide two stewards, the clerk of scale and the identifier. Mr. Lopez said that if Sun Downs agreed the Commission could afford to fund the full cost to regulate their meet. The Commission's regulatory costs are estimated at approximately \$15,000 for six days in Kennewick.

Mr. Shorty Martin, Race Secretary for Sun Downs said they will be able to handle the additional steward, clerk of scale/identifier and vet assistants. He said the Northern Quarter Horse Association (NQHA) was willing to help Sun Downs out to run the six day meet. They will help with the three major challenge races, NQHA matches the amount Sun Downs offers for the purses for these races.

Mr. Hodge said Emerald Downs insures their jockeys through the same company and asked to see Sun Downs' loss history. He can't imagine why it's so high. He thought he may have some leverage with the company. Ms. MaryAnn O'Connell, Executive Director, WHBPA said there is an elective jockey insurance coverage available through L&I, Sun Downs might check into that it may be cheaper than the \$11,000 per day insurance costs.

Commissioner Colliton moved to approve Sun Downs dates and officials and the WHRC officials as requested. Commissioner Hallowell seconded the motion. Unanimously approved.

BREAK (10:36 A.M. Ten minutes.) RECONVENED (10:46 A.M.)

#### Item #6. Industrial Insurance – Horse Industry Account – Discussion.

Mr. Lopez presented a staff study describing the history of industrial insurance account and the horse industry account. Ms. O'Connell had talked with Mr. Lopez, L&I and the horsemen about the issues. Ms. O'Connell said discussions were about the possibility of using a program similar to what California is currently doing. A trainer may come in for a specific amount of time and only be charged for the time they are at the track. Washington needs horses; most horsemen are going to Canterbury Downs and not Emerald Downs in the Spring because of the cost of insuring their employees. Perhaps a per stall, per day program may work. She said this is all very preliminary at this point, but this may help the industry. She said the WHBPA has a very good working relationship with L&I. Another discussion is limiting the coverage to the meet only, not year round. Her concerns are if we get rid of farm coverage, this will change the pool drastically, prices are based on injury history and you can't change history so the costs won't change until the history catches up to the timeframe the actuarial looks at. Any changes would take a Legislative change. Mr. Hodge said the history is taken three years in arrears. Mr. Lopez suggested trainer's employ exercise riders and not have them be considered independent contractors as they are now. Ms. O'Connell said this was an interesting concept and would take it into consideration.

Ms. O'Connell said the problem is not with L&I, it's our industry and the horsemen have to be onboard with any changes. We are willing to look at different things, the horsemen know we need more horses here and if changing the rates help, great.

Chairman George asked to be updated at next meeting.

Item #7. Approval of Split Sample Labs.

Mr. Lopez said the split sample lab list, is the same labs as last year, some have had a price change. Staff recommended approval. Commissioner Hallowell moved to approve the Split Sample List as provided. Commissioner Colliton seconded the motion. Unanimously approved.

Item #8. Rules of Racing – Adoption Hearing.

a. WAC 260-36-250 Industrial Insurance (New Section).

Mr. Moore explained the changes to WAC 260-36-250. He said this was mostly housekeeping to place these rules in one section. This amendment also gives the WHRC the authority to allow installment payments by licensees for L&I premiums. The amendments also eliminate the need for a trainer to sign a new contract for each change made. Staff recommends adoption.

Commissioner Colliton moved to adopt the amendments to WAC 260-36-250. Commissioner Hallowell seconded the motion. Unanimously approved.

Commissioner Hallowell asked Mr. Moore that there's really nothing new in the amendments to this WAC. Mr. Moore said no. Commissioner Hallowell asked about groom slots; he wanted to know what if anything, determined the number of groom slots that a trainer takes. Mr. Moore said a trainer is not required to buy groom slots, but if he has workers at the barns, a slot must be purchased for each worker. Commissioner Hallowell asked if there was no way to monitor the farm accounts to check on coverage for the grooms at the farm. Ms. O'Connell said they do have a name and a slot purchased, there's no problem with that, it's a question of what really was happening when the accident occurred.

Item #9. Executive Secretary's report.

a. Approval of the 2011 Annual Report.

Mr. Lopez briefly went over the 2011 WHRC Annual Report to the Governor. Mr. Lopez recommended approval for submittal to Governor's office.

Chairman George moved to approve the annual report and submit it to the Governor. Commissioner Colliton seconded the motion. Unanimously approved.

b. Wagering recap.

Mr. Lopez went over the wagering reports for the month of January 2012 and race year.

c. Monthly financial statement.

Mr. Lopez recapped the revenues, expenditures and fund balance. He said the fund balance as of the end of January 2012 was \$588,650.

Item #10. Any other business that may be properly brought before the Commission.

Mr. Lopez said that at the March 9<sup>th</sup> meeting, Mr. Ed Martin, President, Association of Racing Commissioners International (ARCI) will be present and make a presentation regarding the newly forming Regulatory Compact. Chairman George encouraged everyone to attend and ask questions.

On another note, Mr. Maus said the National HBPA is not happy with the changes the ARCI is supporting and said there is going to be a battle over use of Salix®. Mr. Maus believes the science should be followed.

Meeting adjourned. 11:20 A.M.

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Robert J. Lopez, Executive Secretary