

Washington Horse Racing Commission  
Meeting Minutes  
January 13, 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; Kate Reynolds, Assistant Attorney General; Robert J. Lopez, Executive Secretary; Patty Sorby, Confidential Secretary.

Item #1. Approval of the meeting minutes of November 19, 2010.

Commissioner Hallowell amended the minutes on page 3 of Item #6 to include both the Washington Bred Owners and Breeders in the reversion of one hundred percent of their respective awards.

Commissioner Colliton moved to approve the minutes with Commissioner Hallowell's amendment. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #2. Commissioners' report.

Chairman George remarked that past Commissioner James Hovis, a long time jurist in the Yakima area had passed away.

Commissioner Kruger apologized for missing the October meeting as he had a mix-up in the date of the meeting; and his absence for the November meeting was due to being able to partake in a cruise.

Commissioner Colliton had nothing to report.

Commissioner Hallowell said he'd had a quiet winter; he said he had attended the Emerald Downs' Christmas party.

Item #3. Industry reports.

a. Emerald Downs report.

Bob Fraser, VP, Operations reported for Mr. Ron Crockett who was unavailable. Mr. Fraser reported handle year to date as being down 15.7%/day on the average handle; and 16.3% down on satellites. Mr. Fraser said they were trying something a little different and that he and Adrian Buchan had been working on beginning to simulcast into the Quarterchute Café and the Shoreline satellite facility on Mondays and Tuesdays beginning in early February. Mr. Fraser said they would be evaluating the satellite handle in early March to determine whether they will continue.

Mr. Jack Hodge said they had been working on budgets all winter and with the downward handle trying to reduce expenses. Mr. Hodge said the stable area will open on February 6, 2011 and training will begin on February 8, 2011 with the approval of the Horsemen's Benevolent & Protective Association's (HBPA) approval. Mr. Hodge said they have received 32 applications for stalls which are down about 30% in horse count.

Mr. Hodge said they were carding quarter horse races similar to the way Portland Meadows cards their races, 3-4 races conducted after 5:00 P.M. with the hope to be able to simulcast them into the California market. The stakes schedule isn't completed yet.

b. WA HBPA.

MaryAnn O'Connell, Executive Director, said the move had been completed and they are now located at the Washington Thoroughbred Breeder & Owner Association offices. She said she had attended the Racing Symposium which she felt to be more upbeat than in the past. The focus was to change business as usual in order to survive.

c. WTBOA.

Mike Fuerborn spoke on behalf of the WTBOA. Mr. Halvorson was in Kentucky and unavailable to give the report. He said the financials have stabilized; their budget was on-track. He said the WTBOA Awards Banquet was scheduled for February 19<sup>th</sup> and hoped everyone could attend. He said the WA HBPA move-in was working well and continues to get better.

Anne Sweet said Mr. Jim Seabeck, past Commission member and long time horseman in the Spokane area was turning ninety-eight on January 21<sup>st</sup> and suggested that all send cards or call him. Contact her for information.

Chairman George mentioned that an agreement had been reached on jockey mount fees between the horsemen and the jockeys.

Item #4. Emerald Downs:

a. 2011 Emerald Downs Race Dates.

Mr. Hodge requested eighty-two days of live racing beginning April 15, 2011 and concluding on September 25, 2011. Racing on Friday, Saturday and Sunday through July 10<sup>th</sup>; adding Thursdays beginning July 14 through August 25<sup>th</sup> returning back to the Friday, Saturday, Sunday schedule on September 2<sup>nd</sup> to the end of the meet.

Mr. Hodge said should the economy improve, Emerald Downs requested the ability to request a day or two more.

Ms. Jody Peetz voiced a concern regarding the delay of one week from opening of the back side and the hardship this caused on the small trainer.

Commissioner Hallowell said apparently there seems to be some discord between the horsemen and management; maybe they could get together and discuss this.

Commissioner Kruger moved to approve the dates request for Emerald Downs' 2011 race meet. Commissioner Colliton seconded the motion. Unanimously approved.

Item #5. Funding to support Class C meets in 2011 – Discussion.

Robert Lopez presented financial information the Commissioners had requested. Mr. Lopez explained the figures presented were based on a 90 day meet. Mr. Lopez had not calculated the impact the fewer dates requested in 2011 by Emerald Downs, would have on his projections.

Commissioner Colliton asked Mr. Lopez if no days were granted to the Class C meets, could the Commission survive. Mr. Lopez said that even with no Class C race dates in 2011 additional cut would need to be made next fiscal year. This would come in cuts to programs and/or staff.

Cliff Schellinger, President, Tri City Horse Racing Association asked if they covered their own costs at Sun Downs could they get race days?

Mr. Lopez said that wasn't really the problem, the problem is with the handle going down the Commission's operating account could not support the cost for the Commission personnel associated with the regulation and the additional contribution from the WHRC operating account to help fund purses at the Class C meets.

Mr. Schellinger said he has one year left with the county to operate Sun Downs race track and hoped he would be able to go one more year.

Jim Penney suggested raising the state takeout from Emerald Downs or possibly allowing simulcasting of races into the Class C facilities.

Chairman George urged the associations to submit their dates and to tell their respective communities the end is probably near and accept the reality the Commission can no longer support their meets.

BREAK. Five minutes (11:00 A.M.) RECONVENED. (11:05 A.M.)

Item #6. Rulemaking – Adoption Hearings (All the rules adopted today were requested by the industry and therefore exempt from the rulemaking restrictions imposed by the Governor's Executive Order (EO 10-06):

- a. WAC 260-24-500 Racing officials.

Doug Moore, Deputy Secretary presented the proposed amendment to address who is considered a racing official and what restrictions are on them while holding those positions. Assistant starters and the assistant racing secretary were added to the list of officials. The change requires

the official who wishes to hold other licenses obtain the permission of the stewards prior to approval. Another change is clarifying which officials are ineligible to wager. Stakeholders support this amendment.

Commissioner Kruger moved to adopt the amendment to WAC 260-24-500. Commissioner Colliton seconded the motion. Unanimously approved.

b. WAC 260-32-010 Minimum requirements to obtain a jockey's license.

Mr. Moore said in 2005 the ARCI model rules recommended that jockey's be a minimum of eighteen to obtain a license. The WHRC adopted the model rule. After reviewing other jurisdiction's rules, it showed that none had adopted the rule as written. Discussions with the HBPA staff proposed amending the current WAC back to a minimum age of sixteen to remain competitive with neighboring states in attracting and licensing prospective jockeys. Stakeholders support this amendment.

Commissioner Colliton moved to adopt the amendment to WAC 260-32-010. Commissioner Hallowell seconded the motion. Unanimously approved.

c. WAC 260-40-010 Nominations and scratches.

Mr. Moore said this amendment clarifies the racing secretary's ability to accept entries that would allow an authorized scratch based on a predetermined set of conditions. This has always been an accepted practice, but there was no clear authority for this to occur. In amending the WAC, the ability of the racing secretary to continue to accept these entries is clear. Stakeholders requested and support this amendment.

Commissioner Kruger moved to adopt the amendment to WAC 260-40-010. Commissioner Hallowell seconded the motion. Unanimously approved.

d. WAC 260-70-580 Official veterinarian's list and WAC 260-40-180 Horse on veterinarians list.

Mr. Moore said the amendments to the two WACs, addresses the changes in entry schedule from the time the original rules were written. Entries were taken on a forty-eight hour basis and horses that were placed on the vet's list for ten day periods were eligible to race within thirteen days. Over the course of the years, entry schedules changed and at times entries are taken up to six days out, which then restricts the horse from racing for seventeen days. The proposed amendments would allow a horse that is not required to work be removed from the vet's list and able to race in the original thirteen day time period regardless of changes to the entry schedule. Stakeholders requested and support this amendment.

Commissioner Colliton moved to adopt the amendments to WAC 260-70-580 and WAC 260-40-180. Commissioner Kruger seconded the motion. Unanimously approved

e. WAC Chapter 260-84 WAC penalties.

Mr. Moore said the staff reviewed the penalty matrix and made some changes to reflect current practice. Due to current economic hardships facing the industry, changes reflect a decrease in previous fine amounts. In an effort to reduce hearings coming before the Commission as a cost saving effort, some violations that required an automatic referral to the Commission have been amended allowing the board of stewards to assess the recommended penalty; and, if the licensee does not accept, it would be the licensee's decision to appeal to the Commission. Stakeholders support this amendment.

Commissioner Colliton moved to adopt the amendment to 260-84 WAC penalties. Commissioner Kruger seconded the motion. Unanimously approved.

Item #7. Executive Secretary's report:

a. Youbet.com.

Mr. Lopez said Youbet.com has surrendered its license to conduct advance deposit wagering in the state of Washington. Churchill Downs had previously acquired Youbet.com and has transferred all Youbet.com account to TwinSpires, a licensed advance deposit wagering service provider.

b. 2010 Annual Report.

Mr. Lopez presented the WHRC 2010 Annual Report and requested approval to forward the report to the Governor.

Chairman George moved to approve the WHRC 2010 Annual Report and send it to the Governor. Commissioner Colliton seconded the motion. Unanimously approved.

c. Governor's Legislation re: the National Racing Compact.

Mr. Lopez had been notified by letter from the office of the Governor that they intended to introduce legislation to amend RCW 67.17.050(2) to transfer the authority to appointment the state's representative on the compact committee to Washington Horse Racing Commission. Mr. Lopez asked the Commission to endorse this change.

Commissioner Kruger moved to endorse the authority to appoint a member to the Live Horse Racing Compact Committee from the Governor to the Commission. Commissioner Colliton seconded the motion. Unanimously approved.

d. Agency budget.

i. Governor's Supplemental Budget.

Mr. Lopez said this is for information only. There were no reductions for the Horse Racing Commission in the Governor's supplemental budget.

ii. Governor's 2011 -2013 Biennial Budget.

Mr. Lopez said the Governor is proposing a three percent, per fiscal year salary reduction for employees. If passed it would reduce the agency's spending authority by \$19,000 each fiscal year.

e. Financial report:

i. Wagering Recap (Nov & Dec 2010).

Mr. Lopez presented the wagering recap for November and December 2010. Mr. Lopez said November was down 14.9% and December was down 17%.

ii. Monthly Financial Statement (Nov & Dec 2010).

Mr. Lopez explained the revenues and expenditures for November and December 2010. The final fund balance at the end of December 2010 was \$362,319.

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

Chairman George said the next meeting of the Commission is on February 10, 2011. Hearing nothing further, meeting was adjourned at 11:30 A.M.

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Robert J. Lopez, Executive Secretary