

Washington Horse Racing Commission  
Meeting Minutes  
January 13, 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.

Chairman George introduced Sharon Payant, Assistant Attorney General newly assigned to represent the Washington Horse Racing Commission.

Item #1. Approval of the meeting minutes of November 10, 2011.

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

Item #2. Commissioners' report.

Chairman George attended the 2011 Racing Symposium in Tucson AZ. He gave a brief overview of the events. Chairman George said the panels mostly dealt with pari-mutuel or tote issues. The main panel discussion was the meeting of the software specialists dealing with the expansion of intertote systems protocol to exchange data and convert currency. Mr. Lopez also attended the RCI meeting that was held during the same event in Arizona.

Commissioner Colliton reported noted the Portland Meadows race dates. He said he was a little surprised about the summer dates. Chairman George has been talking with Mr. Shorty Martin, Class C racing secretary and he stated that Portland Meadows has already cut back their race meet to two days per week and doesn't know if they will be able to support these dates.

Commissioner Hallowell said he attended the Emerald Downs holiday party. Commissioner Hallowell also noted the passing of Mr. Les Stehr a longtime racing participant.

Item #3. Industry Reports:

a. Emerald Downs.

Mr. Ron Crockett compared the simulcast handle through January 8, 2012 to last year showing a 2.2% decline and the purse account down .3%. At year end, all sources of advance deposit wagering are on par with prior year totals. Host fees costs of \$87,000 for 2012, have risen one percent.

Mr. Ron Crockett said the handle is generally flat (reflected in a handout he provided). Attendance at the track is also down. Mr. Crockett said Emerald Downs' generated about \$2 million in purses for the upcoming meet. He said they are in the process of setting the purse

schedule now. He said there is a \$210,000 carryover from last year. Mr. Crockett said he's been watching Santa Anita and it is up recently with good field sizes and that was a good sign, noting they've been weak recently. He said that Emerald Downs non live it is a significant loss for them.

Mr. Crockett addressed the Portland Meadows summer dates and in his opinion it would not be viable. Management has given Portland Meadows the summer to prove their viability. Mr. Crockett said Portland Meadows entire satellite handle is only \$8,000 per day, while Emerald Downs' is \$250,000 per day. Mr. Crockett said he really doesn't believe people will leave Emerald Downs and go to Portland Meadows for lower purses. Because the horse population is so small, Mr. Crockett didn't believe Portland Meadows will be able to make it work.

b. WHBPA.

Ms. Karla Laird, board member, didn't have anything to report, she was present on behalf of Ron Maus, President and MaryAnn O'Connell, Executive Director who were attending the HBPA national convention in Florida.

c. WTBOA.

Anne Sweet reported the Stallion Register had been finished. They were working on the North West race series for the 2012 race season. The series purses were declining this year. They are contemplating including some 3 year old races, but it's still in air. The annual awards banquet is Saturday, February 18<sup>th</sup> at Emerald Downs. Ms. Sweet said the WTBOA is helping Pegasus Thoroughbred Training Center with their horse sale. The sale is February 7<sup>th</sup>. Commissioner Colliton asked if the sale was open to public. Ms. Sweet said yes, definitely.

Item #4. 2012 Race Dates – Emerald Downs.

Jack Hodge, VP, Emerald Downs, requested an 81 day schedule, beginning on April 13<sup>th</sup> and concluding September 23<sup>rd</sup>, racing three days per week till Monday Memorial Day, race July 3<sup>rd</sup> for fireworks spectacular.

Commissioner Colliton asked Mr. Hodge if in July, August, and September the dates that overlap, Sunday, Wednesday and Friday when Emerald Downs starts at 6 P.M. will be a problem.

Mr. Hodge said Portland Meadows overlaps Emerald Downs twenty days. The horse population is 325 to 350 with a lot of quarter horse racing. Emerald Downs projected running 66 quarter horse races last year but only ran 17. He doesn't expect to run many more than that this next year because of Portland Meadows. For Emerald Downs, the race office has received 35 applications for stalls so far. The forecast for horses that Emerald Downs will be operating with is expected to be about 900 head, 150 to 160 down from 2011. We've not lost too many trainers and some have consolidated. Mr. Hodge anticipates a lot of "ship ins" from Portland Meadows that will remain stabled at Portland Meadows. Mr. Crockett noted that Portland Meadows lost \$1.8 million on last year's race meet.

Mr. Hodge said the greatest concern is Thursdays, eighty-one days with six Thursdays overlapping with Portland Meadows. Mr. Hodge said they may need some flexibility on the Thursdays. Mr. Crockett's only concern is the field size, he said that even one horse less affects Emerald Downs.

Commissioner Hallowell asked about the quarter horses, he's spoken to someone who he referred to Emerald Downs management to try to make quarter horse racing better. This person told him he feels like they're being treated like second class citizens. Mr. Hodge said that is not the feedback he'd received. He asked Commissioner Hallowell to have this person talk to him. Commissioner Hallowell said it might have been the placing for the quarter horse races that bothered this person. Mr. Crockett said if you look at other tracks, the placing of the quarter horse races are similar.

Commissioner Colliton also said with Boise racing the overlap may also hurt Emerald Downs racing.

Commissioner Colliton moved to approve the Emerald Downs 2012 request for 81 race days and the authority to amend those dates, if necessary. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #5. Emerald Downs' Request for Future Bets Pools – Kentucky Derby and Oaks.

Mr. Bob Fraser, VP, Operations, in a letter requested the ability to conduct future bets on the Kentucky Derby and Oaks. There would be three pools conducted on February 10-12; March 2-4; March 30-April 1.

Commissioner Colliton moved to approve Emerald Downs request to conduct future bet pools for the Kentucky Derby and Oaks. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #6. Ownership change – Shoreline Satellite Location.

Mr. Fraser stated that the ownership at the Drift on Inn in Shoreline, Washington satellite wagering facility had changed.

Mr. Lopez approved this change after the November meeting of the Commission and is bringing this item to the Commission for final approval. Mr. Lopez said staff had conducted background information checks and found nothing detrimental and recommended formal approval.

Commissioner Hallowell moved to approve the ownership change for the Shoreline satellite wagering facility. Commissioner Colliton seconded the motion. Unanimously approved.

Commissioner Colliton asked Bob Fraser if he had heard from the people who operate the Black Pearl in Spokane, Washington. Commissioner Colliton asked if it was possible to have an additional satellite operate in addition to the Northern Quest Casino. Mr. Crockett said they have

an agreement with the tribe to not place an additional site in Spokane County as long as the current satellite location remains in the tribal casino.

Fifteen minute recess. 10:30 AM. 10:45 AM reconvened.

Item #7. Rulemaking – Adoption Hearings.

a. Title 260 WAC Horse Racing Commission.

Doug Moore, Deputy Secretary, presented the adoptions on rule making. He presented five sections of Title 260 WAC for amendment. Staff is proposing to amend WAC 260 relating to the Executive Secretary ability to approve certain changes. Most of these decisions by the Executive Secretary will be subject to final Commission approval at the next regulatory meeting of the WHRC. No public comment was received and staff recommended adoption.

Chairman George asked if this also amends various pari-mutuel wagering pools changes, specifically the part taking out references regarding coupled entries which are no longer coupled. Mr. Moore said yes. No public comment was received and staff recommended approval.

Chairman George moved to approve Title 260 WAC changes as presented. Commissioner Colliton seconded the motion.

Commissioner Colliton said this would allow the Executive Secretary the ability to approve certain things that may come up unexpectedly.

Unanimously approved.

b. WAC 260-32-040 Jockey ownership.

Mr. Moore said jockey ownership, which is currently not allowed, has come up before and the ownership usually results in a hidden ownership by the jockey's wife or mother. By amending this rule, this will allow the jockey to own horses and make it transparent under certain conditions. One of the requirements is that the jockey must ride own horse and can only enter one horse in a race and they are not allowed to claim any horse. Comments were received on wording from HBPA president, and no other concerns were received on allowing jockey to own horses. Staff recommends approval.

Chairman George said this must be monitored closely. Mr. Moore said he really doesn't see it happening a lot. Commissioner Hallowell said this amendment would bring it out into the open. Mr. Moore said this would also give the Commission more control.

Commissioner Colliton moved to approve the amendment to WAC 260-32-040. Commissioner Hallowell seconded the motion. Unanimously approved.

c. WAC 260-32-370 Apprentice jockeys.

Mr. Moore said this amendment is clarifying the circumstances regarding the waiving the apprentice allowance and once waived it cannot be given back. The current rule doesn't make that clear. The rule change clarifies that if an apprentice voluntarily waives all or part of the weight allowances they are not eligible to re-claim the allowances once waived. No public comment was received and staff recommends approval.

Commissioner Hallowell moved to approve the amendment to WAC 260-32-370. Commissioner Colliton seconded the motion. Unanimously approved.

d.WAC 260-36-120 Denial, suspension, revocation – grounds; and Policy Statement 2007-05 Denial of Application/Revocation of License.

Mr. Moore said the changes in this section would move the authority to either deny or grant a license with conditions to an applicant that has certain felony convictions that previously were automatically referred to the Commission. This would decrease the amount of hearings before the Commission, but still gives the applicant the ability to appeal to the Commission when a denial is given. The stewards would only refer particular individuals if they are not comfortable granting a license. No public comments were received and staff recommends approval.

Chairman George moved to approve the amendment to WAC 260-36-120. Commissioner Colliton seconded the motion. Unanimously approved.

i. Policy Statement: 2007-05 approval, setting conditions on granting or denying a license.

Mr. Moore said Policy Statement 2007-05 interprets the amendments to WAC 260-36-120 regarding denial or revocation of licenses with conditions and staff recommends approval of Policy/Interpretive Statement 2007-05.

Commissioner Colliton moved to approve the amendments to Policy/Interpretive Statement 2007-05. Commissioner Hallowell seconded the motion. Unanimously approved.

e. WAC 260-40-155 The effects of wins on eligibility.

Mr. Moore said the amendment would take into consideration all wins by a thoroughbred at a Class A or B race meet competing in a mixed breed race and would be considered in eligibility requirements. No public comment had been received on this amendment and staff recommends approval.

Commissioner Colliton moved to approve the amendment to WAC 260-40-155. Commissioner Hallowell seconded the motion. Unanimously approved.

Item 8. Rulemaking – Future and Possible Future Rulemaking – Discussion.

Mr. Moore said in February staff intends to propose amendments to the L&I rules and in March several medication section amendments for adoption consideration will be presented. Thresholds

have been established for some therapeutics and a lower level of but needs to be adopted for graded stakes.

In December the Association of Racing Commissioners International (ARCI) recommended Furosemide injections be administered by a Commission vet not a practicing vet. The Commission would have to hire a vet and an additional vet assistant, plus a detention barn would have to be established. Staff is not recommending this change at this time, comments from practicing vets have been received and there is no support for this rule change.

Guidance on whether to proceed or place on hold this amendment. The Executive Order by the Governor suspends non-emergency rule making.

Commissioner Hallowell asked if we were bound to do this and Mr. Moore said no. He said there is no penalty for not making this change. Chairman George said he wants to hear from the horsemen's group (WHBPA) on how to proceed before making any changes. Commissioner Colliton said to table this at this time. Commissioner Hallowell agreed. Chairman George directed Mr. Moore to not proceed on this rule change. Mr. Moore said we can revisit this at a later date.

Chairman George who had sat in on this meeting said at the RCI model rules committee consensus was to approve this. Commissioner Hallowell asked how well informed those people were.

Mr. Moore spoke about the L&I amendment that will be before the Commission next month. He said these rules may be placed in one section. One of the changes would clarify language to give the Commission the authority to accept premiums in payments. There is ongoing work with L&I rules and we hope to be able to get out of the business of collecting premiums in the near future.

Chairman George spoke about the claims resulting from the farms. The WHRC has no authority to monitor safety at the farms and it would take a legislative change to do anything different.

Mr. Crockett commented about farm coverage by L&I. It was his notion that injuries were always turned into the horsemen's L&I coverage before private medical was utilized.

Mr. Hodge said they are working with the WHBPA to try to end the situation where farms are included in the horse industry account and the coverage would only be at the racetrack during the live race meeting.

Chairman George said this topic is going to be discussed at the next meeting in an effort to try to resolve this issue.

Commissioner Hallowell said his feeling was that if we drop this now, the industry won't be any further ahead.

Jim Penney said he felt a good job had been done to lower the premiums. He said they must get a different classification for those at the farm, but have comparable premiums. He felt the farm premiums for workmen's compensation were cost prohibitive.

Mr. Moore said a couple of other rules were going to be considered, changes to the officials section regarding reporting issues regarding horses scheduled to run; posting of the insurance policy in the jockey's quarters; and a new minimum scale of weights assigned. Mr. Moore said these items are not critical to adopt at this time.

Item #9. Executive Secretary report:

a. Agency budget – Special Session.

As a result of the recent special session the Legislature reduced the Commission's spending authority by \$33,000. This will have no impact on agency operations – the cuts will come from the un-allotted portion of our operating account's spending authority.

b. Employee Survey.

Generally responses from the employees were all positive.

c. Wagering Recap (November & December 2011).

Mr. Lopez explained the percentages; he said they were generally down. The handle was down 11.4 percent for fiscal year 2011, for fiscal year 2012 down 8 percent.

d. Monthly Financial Statements (November & December 2011).

Mr. Lopez explained the revenues and expenditures and the agency fund balance. An adjustment to our allotments show that the WHRC spent more than revenue taken in due to purchasing the fingerprint equipment.

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

Commissioner Colliton asked about how much purse money would be available for the Class C race meets. Mr. Lopez said he anticipated about \$93,000 for the Class C purses or about \$15,500 for six days of racing.

Chairman George asked about Class C race dates. Mr. Lopez said they are due February 1<sup>st</sup> by any entity wanting to race in 2012.

Meeting adjourned. 11:45AM.

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Robert J. Lopez, Executive Secretary