

Washington Horse Racing Commission
Meeting Minutes
June 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 Hollowell, DVM, Commissioner; Hartly Kruger, Commissioner; Representative Dave Quall, Ex-officio Member; Kate Reynolds, Assistant Attorney General; Robert J. Lopez, Executive Secretary; Patty Sorby, Confidential Secretary.

Item #1. Approval of the meeting minutes of April 9, 2010.

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

Item #2. Commissioner's report.

Chairman George said he visited the closing weekend at Sun Downs, in Kennewick, Washington.

Commissioner Colliton visited the Waitsburg Days of Real Sport and Dayton Days' race meets.

Commissioner Kruger asked if the Class C meets had any success raising money to support the Jockey Incentive Fund. Mr. Lopez said he hadn't received any communication from them on that subject.

Commissioner Hollowell said he'd been to Emerald Downs and congratulated them on their Irish Day events.

Item #3. Industry Reports:

a. Emerald Downs. Mr. Ron Crockett, President, Northwest Racing Associates, LP gave the report on Emerald Downs. Mr. Crockett stated they were down in all categories and had a dismal day on the first week beginning Thursday racing. He contributed some of this to the continual bad weather. He assured the Commission the purse account was in good shape and is right on with their projections.

b. WHBPA report. Mary Ann O'Connell, Executive Director said the president, Ron Maus was out of town and there was nothing much to report, but the daycare was doing well.

c. WTBOA report. Dana Halvorson, President, reported their annual meeting is scheduled for July 10th. The summer sale is scheduled for September 7th and they are considering having a Paddock Sale, nothing firm on that as yet.

Item #4. Request for Handicapping Contest – Emerald Downs.

Mr. Lopez said before Mr. Buchan gave his presentation on their request, the first few pages in the notebook were reports on the handicapping contests held on March 13th and April 18th as required by WAC 260-48-960(7).

Adrian Buchan, Director of Marketing requested on behalf of Emerald Downs for two handicapping contests, one to be conducted on July 10, 2010, the Cross Country Handicapping Challenge and on August 1, 2010, the Ultimate Qualifying Tournament. Mr. Buchan stated 100 percent of the entry fees will be returned in the Cross Country Handicapping Challenge and eighty percent of the Ultimate Qualifying Tournament will be returned as cash prizes. Emerald Downs will pay \$30,000 for nine qualifying seats to the top finalists. Mr. Buchan is requesting approval of the two handicapping contests.

Commissioner Kruger moved to approve the request for the Cross Country Handicapping Challenge, July 10, 2010 and the Ultimate Qualifying Tournament, August 1, 2010. Commissioner Colliton seconded the motion. Unanimously approved.

Item #5. Alternatives for Public Meetings not Requiring Travel (E2SHB 2617).

Mr. Lopez explained with the passage of E2SHB 2617, members of class 1, 2, 3, and 5 boards and commissions are prohibited from receiving an allowance for subsistence, lodging or travel expenses.

For all groups, including class 4 groups (which includes the WHRC), Mr. Lopez said that regardless of fund source, they must, when feasible, use a meeting format that does not require travel but must still maximize member and public participation; must use, when a meeting format requires members to be physically present, one location only when necessary or required by law; use state facilities whenever possible for meetings that require physical presence; not use private facilities unless approved by OFM.

Item #6(b). Mr. Lopez offered draft policy/interpretive statement, WHRC 2010-02 for the WHRC to consider to become compliant with E2SHB 2617 and recommended adoption.

Commissioner Colliton moved to approve the WHRC Policy/Interpretive Statement 2010-02 with a small change to the last paragraph second line to state...“The WHRC may make the electronic alternative available to the public at no cost.” Commissioner Kruger seconded the motion. Unanimously approved.

Item #6. Rules of Racing:

a. Adoption – Policy/Interpretive Statement 2010-01 Effect of Multiple disqualifications.

Mr. Doug Moore, Deputy Secretary, stated in 2008 this section was amended from guidance from the Racing Officials Accreditation Program (ROAP) on how to deal with multiple disqualifications. An instance occurred when a horse that won interfered with another and was disqualified and the horse interfered with was disqualified making the original disqualifier again the placed in front of the horse originally bothered. ROAP issued a statement that no horse should ever regain its finish position before the horse it originally was disqualified for interfering with. Mr. Moore offered Policy/Interpretive Statement 2010-01 to give guidance in the instance of multiple disqualifications and recommended approval.

Commissioner Hallowell moved to adopt the Policy/Interpretive Statement WHRC 2010-01. Commissioner Colliton seconded the motion. Unanimously approved.

c. Discussion – WAC 260-16-050 Certification of Washington-bred horses.

Mr. Moore stated that in an effort to collect public input, the WHRC had placed on its webpage a survey for the public to address changes to the certification of Washington-bred horses. The survey offered three options to vote on and space to write an opinion. Those responses were split 50/50 on no change and option 2, to have the WTBOA be the recognized entity to take over the certification responsibilities. Mr. Moore requested direction from the Commission as to which option to follow for filing of the language for change with the Code Reviser's office.

Public testimony was given by: Claudia Canouse; Debbie Pabst; Jack Fabulich; Mike Fuerborn; Fred Pabst; Dana Halvorson; Mike Konecny; Karla Laird; Jack Hodge; Jim Penney; Keith Swaggerty.

Commissioner Hallowell requested the discussion be tabled and possibly get the factions together and try to come to some harmony on the subject as he didn't want to go forward with so much emotional discord as was being heard at this time.

Commissioner Kruger moved to table the discussion regarding certification of Washington-bred horses to the Commission meeting that will be held on August 13, 2010. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #7. Advance Deposit Wagering – Annual License Renewal:

a. TVG.

Mr. Lopez presented the renewal application to the Commission. Mr. Lopez reviewed the background regarding TVG and stated there were no changes to the Plan of Operation and there were no pending investigations or enforcement actions of any kind being conducted. Staff recommended renewal of the advance deposit wagering license request. Mr. John Hindman,

General Counsel, TVG was present and reiterated Mr. Lopez's comments and was available for any questions.

Commissioner Kruger moved to approve the renewal application for advance deposit wagering by TVG. Commissioner Hallowell seconded the motion. Unanimously approved.

b. Youbet.com.

Mr. Lopez said that on June 2, 2010 Churchill Downs, Inc. had acquired Youbet.com. Mr. Lopez had contacted Brad Blackwell the representative for Churchill Downs' TwinSpires and he was unaware of the renewal application hearing and was unable to attend. Mr. Lopez also said the one-year extension agreement between Emerald Downs and Youbet.com had only been approved and signed by Mr. Crockett at this time. Mr. Lopez suggested the Commission table action on this item and conduct a special meeting prior to the expiration of the one-year agreement on July 15, 2010 to consider renewal of Youbet.com's advance deposit wagering license.

Chairman George agreed and stated that a special telephone meeting would be established, the public could participate by phoning in and the Commission would consider the advance deposit wagering license renewal application for Youbet.com.

BREAK 11:00 A.M. RECONVENED 11:06 A.M.

Item #8. Hearing before the Commission:

Hearings opened at 12:25 P.M.

a. Dennis W. Madson WHRC 2010-003.

Chairman George introduced those present. Mr. Gordon Karg, Assistant Attorney General appearing on behalf of staff addressed the Commission and said Mr. Madson had a request. Mr. Madson appeared before the Commission and asked for a continuance of his hearing to allow him the opportunity to find legal counsel. Mr. Karg had no objection to this request.

Chairman George granted Mr. Madson's request and set the hearing over and explained to Mr. Madson that a continuance of hearing notice would be mailed to him informing him when to appear.

Hearing closed 12:30 P.M.

LUNCH BREAK 12:30 P.M. RECONVENED 1:30 P.M.

Hearing opened at 2:01 P.M.

b. Miguel Rodrigues-Vargas WHRC 2010-004.

Gordon Karg, Assistant Attorney General representing staff said Mr. Rodriguez-Vargas has not appeared and requested to admit all exhibits in the matter. Mr. Karg requested that Mr. Rodriguez-Vargas conditional license be permanently revoked. It was unanimously approved to permanently revoke the conditional license of Miguel Rodriguez-Vargas.

c. Jacob Fuerst WHRC 2010-005.

Gordon Karg, Assistant Attorney General representing staff said Mr. Fuerst has not appeared and requested the all exhibits in the matter be admitted. Mr. Karg requested the Commission uphold the decision of the board of stewards and assess the \$200 penalty by order of default. It was unanimously approved to uphold the decision of the board of stewards ruling assessment of a \$200 fine.

Hearings closed at 2:10 P.M.

Item #9. Application for License - Commission Review – Levi M. Knapp (WHRC 2008-002).

Mr. Lopez gave an overview of Mr. Knapp's licensing history. Mr. Knapp testified before the Commission. Mr. Neil Knapp, Mr. Knapp's grandfather testified on behalf of Mr. Knapp.

It was a three to one decision of the Commission to grant Mr. Levi Knapp a conditional license with the stipulation that be randomly tested and must give clean tests; he have no criminal convictions and not violate any rules of racing.

Item #10. Executive Secretary report.

a. New National Owners' Registry – Kentucky Horse Racing Commission request.

Mr. Lopez said he had responded to and RCI posted survey on behalf of the Kentucky Horse Racing Commission regarding consideration of the RCI becoming the home for a thoroughbred horse owners' registry. Mr. Lopez said he was aware that only Virginia was in favor of this at present. After some discussion that was no interest in pursuing this issue at this time.

b. Wagering Recaps.

Mr. Lopez provided the Commissioner's with April and May reports recapping the Emerald Downs wagering. Mr. Lopez said the figures were consistent with the Emerald Downs report given by Mr. Crockett. Mr. Lopez also enclosed the final meet reports for the Class C Spring race meets and a breakdown of the advance deposit wagering and source market fees collected.

c. Monthly Financial Statements.

Mr. Lopez explained the revenues and expenditures for April and May 2010.

d. 2010 Supplemental budget.

Mr. Lopez said he was notified that \$277,000 had been deducted from the WHRC allotment, but that it had been expected.

e. ESSB 6503.

Mr. Lopez explained ESSB 6503 is what is commonly referred to as the “furlough” bill that requires agencies to layoff one day per month beginning in July 2010, without pay, on specific days through fiscal year June 2011. The WHRC is required to participate and Mr. Lopez said he is submitting a plan to OFM that mitigates the effects of the furlough layoff on the employees at Emerald Downs by the loss of one day of racing in September. The employees at the Olympia office will be participating in the layoff on the specified days other than April 22nd, the WHRC will be closed on April 8, 2011.

Item #11. Any other business that may be properly brought before the Commission.

Hearing none, meeting adjourned at 2:30 P.M.

Robert J. Lopez, Executive Secretary

Washington Horse Racing Commission
Meeting Minutes
Special Meeting
June 23, 2010

The special meeting of the Washington Horse Racing Commission was convened at 9:05 A.M. via telephone conference call. 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.

Also present on the telephone: Brad Blackwell, Vice President, Youbet.com; and MaryAnn O'Connell, Executive Director, WHBPA.

Item #1. Advance Deposit Wagering – Annual License Renewal – Youbet.com.

Mr. Lopez presented the application for renewal of the advance deposit wagering license for Youbet.com which expires on July 13, 2010. Mr. Lopez reviewed the application with the Commissioners noting the agreement between Emerald Downs and Youbet.com had been signed and will be in full effect until July 15, 2011.

Mr. Blackwell spoke on behalf of Youbet.com and answered the Commissioners questions.

Commissioner Hallowell voiced some concerns over the ability to keep track of the proceeds gained from advance deposit wagering done in Washington State.

Mr. Lopez responded that since the contract with the Commission auditor had terminated, some changes had been requested and complied with, making it a little easier to monitor the wagering taking place by advance deposit wagering and the amounts due.

Commissioner Kruger moved to approve the license renewal for advance deposit wagering by Youbet.com. Commissioner Colliton seconded the motion. Unanimously approved.

Item #2. Approval of Commissioner travel to Walla Walla.

Chairman George said a request had been received from the Class C race meets, they will be conducting a meeting in Walla Walla in the latter part of July to discuss 2011 racing and

requested that Mr. Lopez and Chairman George attend if possible. In order for a Commission member to attend, it must be approved in advance for reimbursement of travel expenses to be paid.

Commissioner Colliton moved to approve for a Commission member to travel and expenses to be reimbursed for attending the Class C meeting in July or August (if unable to schedule in July). Commissioner Hallowell seconded the motion. Unanimously approved.

Chairman George reminded everyone of the next Commission meeting date of August 13, 2010 in Auburn, Washington.

Commissioner Kruger asked Chairman George to remind the Class C personnel about raising funds to support their activities.

Commissioner Hallowell directed attention to the article on Sun Downs in the latest edition of the Washington Horse magazine, he said that they still don't realize how much the WHRC is involved with the Class C meets.

Meeting adjourned at 9:27 A.M.

Robert J. Lopez, Executive Secretary