

Washington Horse Racing Commission  
Meeting Minutes  
June 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, Commissioner; Hartly Kruger Commissioner; Charles Clark, Assistant Attorney General; Robert J. Lopez, Executive Secretary; Patty Sorby, Confidential Secretary.

Chairman George introduced Representative Joe Schmick, 9<sup>th</sup> Legislative district representing northeast Washington State, who was recently appointed to the Commission to serve as an ex-officio member. Representative Schmick said that he had requested to be on the Commission and was looking forward to working with the industry.

Item #1. Approval of the meeting minutes of April 15, 2011.

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

2. Commissioners' report.

Chairman George reminded those in attendance that there would not be a Commission meeting in July and that the next meeting will be August 12th, a Friday, beginning at 9:30 A.M. Chairman George said that he was aware of the National Horsemen's Benevolent & Protective Association national convention to be held in July in Seattle and stated that the Commission should at least be represented at this convention.

Commissioner Kruger said that he had volunteered a few months ago to assist Walla Walla Fair & Frontier Days to obtain financing for their Fall meet if possible. Commissioner Kruger said that he had made contact with Mr. Kenny Alhadeff one of the former owners of the Longacres Race Track who also has family ties with the Walla Walla area, that he had agreed to give \$10,000 to assist with the meet in the fall with the caveat of dollar for dollar matching funds by Walla Walla Fair & Frontier Days.

Commissioner Colliton said he had nothing to report.

Commissioner Hallowell said that the last meeting was on opening day of Emerald Downs and that he had attended and felt that was a good day. He said that on May 20<sup>th</sup> he'd met with the stewards and Deputy Secretary Doug Moore to discuss an encounter he'd had with a licensee that had approached him about an issue. He said a plan was in place to handle that situation. He wanted to report this meeting to inform the Commission that it occurred. Commissioner Hallowell said that he had presided over the Governor's Handicap race because the Governor, who was unable to attend due to the special Legislative session. He also reported about the equine virus that is going around nationally at horse meets. He had talked with Dr. Sally Calkins, State Veterinarian and she already knew about the situation who had talked to management and things were in motion to watch the situation. Commissioner Hallowell also had talked with Dr. Eldridge at the Enumclaw sales pavilion and he thought that the outbreak was about over.

Chairman George talked about the Healthy Horse Initiative. He said this legislation would do away with race day medication. A copy of the resolution was provided to the public. He said that he and Executive Secretary Bob Lopez participated in a conference call regarding this and he reported that many of the states that attended the conference call were quite upset.

Chairman George said the handouts also include a memorandum and legislation of anticipated actions by RCI.

Item #3. Industry reports:

a. Emerald Downs report:

Adrian Buchan, Director of Marketing presented the report for Emerald Downs. He said that reporting the handle numbers to Mr. Ron Crockett, President, Emerald Downs, he was more often than not, pretty happy with the numbers being reported at present. The race cards are filling much better than anticipated.

Mr. Buchan said across the board Emerald Downs is down 6.5 percent. He said interestingly enough the attendance is almost the exact number to this time last year and is holding steady.

Chairman George asked Mr. Buchan about the recent change allowing for a thirty day license. Had there been anyone taking advantage of it. Mr. Buchan said he had not statistics on that.

Mr. Ron Crockett arrived and gave some supplemental information for the Commission. Mr. Crockett said the purse account in very good shape. He said there is no danger for the purse account it is as anticipated. Mr. Crockett commended the horsemen for doing a great job of entering and filling races.

Commissioner Hallowell asked about the Quarter Horse races. Mr. Crockett said they will be carded as the first race, first half of the double.

b. WHBPA report:

Ms. Mary Ann O'Connell, Executive Director, gave the presentation for Ron Maus, President, who could not attend due to a work conflict. Ms. O'Connell expanded on the HBPA national convention and especially requested that Commissioner Hallowell attend the convention. Ms. O'Connell talked about the healthy horse issue.

Ms. O'Connell said the thirty day license hasn't been utilized much yet, with Yavapai Downs meet a no go, she called them to see if they could entice the horsemen there to come and race here at Emerald Downs.

Commissioner Kruger said he agreed with Chairman George and moved to allow representation by the Commission and the Executive Secretary to attend the HBPA national convention in Seattle on July 21, 22 and 23. Commissioner Colliton seconded the motion. Unanimously approved.

c. WTBOA report:

Anne Sweet, Editor, WTBOA, didn't have too much to report. She said their annual membership meeting is Saturday July 9<sup>th</sup>. The WTBOA will hold a one day sale the Tuesday after Labor Day, September 6<sup>th</sup>. She said the WTBOA had initiated a sales incentive and bonus offering this year, with the assistance from an anonymous donation. She said the hope is to be able to fund this in future years.

Item #4. Advance Deposit Wagering - TVG Annual License Renewal.

Mr. Lopez presented the renewal application. Ms. Melanie Sims Frank, Associate Counsel for TVG appeared on behalf of TVG. Mr. Lopez said the wagering was up 12% thorough TVG. There were no problems on any of the background checks. TVG is licensed through July 26, 2011. Emerald Downs has signed an agreement that expires on April 1, 2012. There are no changes to TVGs plan of operation. Mr. Lopez said staff recommends approval.

Commissioner Colliton moved to approve TVGs license renewal request. Commissioner Kruger seconded the motion. Unanimously approved.

Five minute recess. 10:57 A.M. Reconvened 11:04 A.M.

Item #5. Emerald Downs request for a \$0.50 Pick 5 (Pick (n) with carryover).

Adrian Buchan presented to the Commission a request from Emerald Downs for a Pick 5 wager with carryover that would remain until the wager won or would be distributed at the end of Emerald Downs' meet. Mr. Buchan said this wager will begin a week from today, next Friday, June 17th.

Commissioner Kruger moved to approve the request by Emerald Downs for a Pick 5 (pick (n) with carryover) wager. Commissioner Colliton seconded the motion. Unanimously approved.

Item #6. Rules of Racing:

a. Policy Statement 2006-04 Equine Testing.

Doug Moore, Deputy Secretary presented this policy change request received from the WHRC veterinarians. Chairman George went over the requested changes to the procedures for sampling of horses that are to be tested.

Mr. Moore said the changes reflect the recommendation of the RMTC on equine testing which consisted of altering the number of samples to be sent to the lab. The recommendation is that any winning horse at odds of 20-1 or longer; beaten favorites that finish in the last two positions, and; any other horses selected to be sent for testing. The WHRC Veterinarians requested that at following the last race, if a horse in the test barn is not one that was selected to test these horses be released with a sample being collected. This would be in the best interest of the horse to not place undue stress by giving Lasix to a horse that will not be tested.

Commissioner Hallowell moved to amend WHRC policy statement 2006-04 to reflect the changes as requested by staff. Commissioner Colliton seconded the motion. Unanimously approved.

Item #7. Proposed Settlement Agreements:

a. Daniel W. Brock WHRC 2011-002:

Mr. Lopez said Mr. Brock had not sent a signed settlement agreement. The Commission took no action on this matter.

b. Jeffery A. Jones WHRC 2011-003:

Mr. Lopez related the facts of Mr. Jones had completed an application for license on May 10<sup>th</sup> and was received by the WHRC on May 23<sup>rd</sup>. Mr. Jones license was permanently cancelled and revoked for willful violation of Commission rules related to fraud and misrepresentation in connection with racing at the Playfair race course in Spokane. On May 27, 2011 the Board of Stewards held a ruling conference and denied Mr. Jones license. Mr. Jones requested a hearing before the Commission on May 31<sup>st</sup> to challenge the stewards' decision. Mr. Lopez offered the settlement to avoid time and expense to litigate this matter further and Mr. Jones entered into an agreement to settle this matter with the approval of the Commission by majority vote to issue a finder lifting the 1995 revocation. If approved this would allow Mr. Jones to withdraw his application for license and voluntarily withdraw his request for a hearing. If approved Mr. Jones agrees to never again apply for a license in Washington. Staff recommended approval of the settlement agreement within the limitations outlined.

Jeff Jones appeared. Mr. Jones spoke on behalf of the settlement agreement that he had signed and informed the Commissioners that he wanted to be able to apply elsewhere.

Chairman George moved to lift the revocation of Mr. Jones on the condition that he never again apply in Washington for a license. Commissioner Colliton seconded the motion. Unanimously approved.

Item #8. Proposed Changes to the Plan of Operation – XpressBet.

Mr. Lopez said XpressBet is requesting approval to make three changes to its plan of operation by changing initial amount of deposit to establish a new account from \$25 to \$10 to attract more players; by terminating the commercial agreements that allowed XpressBet to use Oak Tree Racing and Del Mar trademarks to offer another advance deposit wagering portal; and lastly increasing the transaction fee for VISA credit card users from 3.98 percent to 5.98 percent due to an increase from their processor. Staff recommends approval.

Commissioner Colliton moved to approve the changes as request to XpressBet's Plan of Operation. Commissioner Kruger seconded the motion. Unanimously approved.

Item #9. Executive Secretary report:

a. Legislative update. (Impact of passed legislation)

Mr. Lopez said there was no loss of staff – FTE funding remains for 28.5 staff. Cuts made were from our own legislation to more appropriately reflect our revenues. The bill E2SHB 1371 that reduces the Commission from five members to three passed and the second section of the bill transfers naming of the National Racing Compact representative from the Governor reverting the authority to the Commission.

b. National Regulatory Racing Compact:

Mr. Lopez said this issue is currently in the agency's strategic plan. In order for the new compact to take effect six states must adopt the compact. Mr. Lopez said the staff recommendation is to wait and see if other state's sign on. Ms. O'Connell said that she agrees that the Commission should not move forward on this initiative, wait to see what comes of in other jurisdictions.

c. Wagering recaps:

Mr. Lopez said that the six day race meet at Sun Downs was up 26.5 percent the first weekend; 11.1 percent the second and the final weekend up 29.8 percent for an overall increase over the course of the meet of 23.2 percent. Overall the WHRC spent \$22,000 on costs related to Sun Downs; \$20,000 was for regulatory for a per day rate of \$3,700.

Mr. Lopez presented the Emerald Downs recaps for April and May 2011. For April Emerald Downs was down 7.2 percent for the month, 20.8 for the calendar year and 12.1 for the race year. In May Emerald Downs was down 13.8 for the month; 11.6 for the calendar year and 12.4 for the race year.

d. Monthly Financial Statements (April & May 2011):

Mr. Lopez presented the expenditures and revenues for the WHRC for April and May 2011. Mr. Lopez said the fund balance at the end of May is \$631619.

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

Chairman George reminded the audience the next meeting is on August 12<sup>th</sup>.

Mr. Lopez said that he expects to have the information from Walla Walla to be able to vote on race dates for the Walla Walla Fall race meet. He said he expects the cost of Walla Walla to be about \$3,500 per day. Mr. Lopez said that license fees will be on the agenda for review. He said there are two rules to adopt one on the distribution of Source Market Fees (SMF) and the new rule regarding short duration coverage. Mr. Lopez said that looking at the 2012 budget submission he doesn't expect any surprises.

Commissioner Kruger asked Chairman George to speak. Commissioner Kruger said that he was appointed to the Commission thirteen years ago when Senator Jim West promoted legislation to change the Commission from three members to five and now recently legislation passed reverting the size of the Commission back to three, therefore he is resigning his appointment effective June 30, 2011. Commissioner Kruger said he has enjoyed working with the staff, and the industry. He's worked to make positive changes to the industry and feels confident that the industry will come back and survive. Commissioner Kruger thanked everyone for his time with us.

Meeting adjourned.

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Robert J. Lopez, Executive Secretary

11:59 A.M.