

Washington Horse Racing Commission
Meeting Minutes
March 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 Hallowell, DVM, Commissioner; 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 February 11, 2010.

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

Item #2. Commissioner's report.

Chairman George said he had been watching TVW when the agency request legislation was voted on and passed.

Commissioner Kruger said he and Commissioner Hallowell had attended the Washington Thoroughbred Breeders and Owners Association awards banquet. Commissioner Kruger congratulated Commissioner Hallowell winning the SJ Agnew Special Achievement Award which was presented to him recognizing his achievements and service to the horse industry.

Commissioner Kruger also recognized MaryAnn O'Connell who also received an award recognizing her dedication to the horse industry.

Commissioner Hallowell thanked Commissioner Kruger. He also mentioned the rash of broken shoulders occurring at the race track. A meeting had been conducted with track management to look into these incidences and try to discover why they are happening. Commissioner Hallowell thanked Emerald Downs' management for being on top of this situation.

Commissioner Colliton had nothing to report.

Item #3. Industry reports.

a. Emerald Downs report.

Jack Hodge, Vice President, Emerald Downs gave the monthly report. Mr. Hodge said they were in "full start-up mode." There are sixty horses down from 2009 statistics, at this time. Training is in full progress. Mr. Hodge said they were hoping to raise money to purchase a nuclear scintigraphy machine to be able to determine "at risk" animals before putting them on the race track and resulting in breakdown.

Mr. Hodge also said there was a virus going through the Portland Meadows barns and they are not allowing ship-ins at the present time to try to keep the virus out of Emerald Downs' barns. This is a voluntary quarantine at the present time, not mandatory.

b. WHBPA Report.

Ron Maus, President, Washington Horsemen's Benevolent & Protective Association (WHBPA), said he was very happy to see the WHRC Commissioners presence at the awards banquet. Mr. Maus said he was also supporting Emerald Downs' management with regard to the fatalities at the race track.

MaryAnn O'Connell reported that they have hired a Day Care Center supervisor and hope to have it open April 1st. She said the WHBPA dental trailer was set up and in operation.

c. WTBOA Report.

i. Certification of WA Bred Horses – Discussion.

Mary Lou Griffin, Board Member, along with Debra Pabst, Board Member, requested a change to Washington Administrative Code (WAC) 260-16-050(2)(A) to read: "the WTBOA for thoroughbreds".

Ms. Griffin and Ms. Pabst were asking the WHRC to change the WAC to allow the WTBOA to modify the process of certification of Washington Bred horses by ensuring that only thoroughbreds foaled in Washington and certified by the WTBOA would be eligible to receive Breeder awards and Owner's bonuses. This change would allow the WTBOA to charge a fee for this process and thereby benefit the organization financially; uphold the integrity of the WA bred horse; benefit the WHRC by providing current contact information for all breeders; in the future work toward micro-chipping of foals for identification purposes; and add members to the organization.

Commissioner Hallowell moved to begin the rule making process to change the certification authority to the Washington Thoroughbred Breeders and Owners Association (WTBOA). Commissioner Colliton seconded the motion. Unanimously approved.

Item #4. TwinSpires – Application for Renewal of Annual License.

Robert Lopez reported on the background investigation on the renewal application by TwinSpires. He reported the \$50,000 financial bond is still in full force; there is no change in the agreement between Emerald Downs and TwinSpires; no material changes to the Plan of Operations; no pending investigations by governmental agency or agencies; and no enforcement action has been taken by governmental agency or agencies. The license renewal period begins April 12 through April 11, 2011. Staff recommends approval.

Mr. Bradley Blackwell, Vice President, Legal, TwinSpires appeared in support of the license renewal and was available for any questions.

Commissioner Kruger moved to approve the renewal of the license for TwinSpires to conduct advance deposit wagering. Commissioner Hallowell seconded the motion. Unanimously approved.

BREAK. 10:36 A.M. RECONVENED. 10:41 A.M.

Item #5. XpressBet – Ownership Change.

Mr. Gregg Scoggins, Vice President, Regulatory and Business Development and Mr. Gene Chebrier, Director of Regulatory Affairs, appeared before the WHRC to address changes taking place within Magna Entertainment Corporation (MEC) the parent company of XpressBet. A presentation was given regarding MEC bankruptcy progress and agreements that have been negotiated regarding subsidiaries of the MEC affiliates. The highlights of the ownership change structure is that a new subsidiary is formed call MI Development and to covert XpressBet, Inc. to a limited liability company (LLC). This change will also replace two existing MEC directors with two new MID directors and replace two MEC officers with two new MID officers, there will be no change in the day-to-day management team.

Mr. Scoggins said this change will take place within the next six weeks. Staff recommends conditional approval.

Commissioner Colliton moved to conditionally approve the management change to XpressBet advance deposit wagering firm management structure. Commissioner Kruger seconded the motion. Unanimously approved.

Item #6. Rules of Racing – Adoption Hearings

a. WAC 260-24-510 Stewards.

Doug Moore presented the amendments to WAC 260-24-510. The first change would clarify the authority of the stewards to issue a license with conditions; address appeal times for riding violations; add language to explain when fines are due. Mr. Moore said no public comment had been received. Staff recommends approval.

Commissioner Colliton moved to approve the amendments to WAC 260-24-510. Commissioner Kruger seconded the motion. Unanimously approved.

b. WAC 260-28-235 Trainer – duty to provide employees financial relief from injury.

Mr. Moore explained the amendment was to explain the process and requirements for a trainer to upgrade the L&I premiums when coming from the Class C meets to a Class A or B meet. Mr. Moore said no public comment had been received. Staff recommends approval.

Commissioner Kruger moved to approve the amendment to WAC 260-28-235. Commissioner Colliton seconded the motion. Unanimously approved.

c. WAC 260-36-120 Denial, suspension and revocation – Grounds.

Mr. Moore said the amendment to this section removes the requirement that an application must be denied or current license suspended or revoked if the individual has pending felony charge(s). The action taken on pending charge(s) would be changed to “may be denied, revoked or suspended” to allow the stewards to take each instance on a case by case basis. No public comment was received. Staff recommends approval.

Commissioner Kruger moved to approve the amendments to WAC 260-36-120. Commissioner Hallowell seconded the motion. Unanimously approved.

d. WAC 260-44-050 Weighing out – Equipment included in jockey’s weight; and WAC 260-52-040 & 260-52-045 Post to finish.

Mr. Moore said the amendments require jockeys to use the new “safety crop” while racing and allows additional weight for jockeys in inclement weather for additional clothing and equipment (heavier pants and jackets that go under silks for protection). These amendments are waived for the Class C meets for 2010. No public comment was received. Staff recommends approval.

Chairman George moved to approve the amendments to WAC 260-44-050, WAC 260-52-044 and WAC 260-52-045. Commissioner Colliton seconded the motion. Unanimously approved.

e. WAC 260-44-120 Weighing in – Weigh in/out – Tolerances – Penalties.

Mr. Moore said the amendments to this section were to clarify how there can be a weight differential from the listed or announced weight and what a jockey actually weighs following a race. The new language says the announced weight does not include safety equipment, safety vests, helmet and that track and weather conditions are factored in. This requires a notice placed in the program to explain this to the public. No public comment was received. Staff recommends approval.

Commissioner Hallowell moved to approve the amendments to WAC 260-44-120. Commissioner Kruger seconded the motion. Unanimously approved.

Item #7. Approval of Split Sample Labs.

Mr. Moore presented the 2010 list of approved split sample labs. Mr. Moore said that Dr. Sally Calkins and the WHBPA have approved the list. Staff recommends approval.

Commissioner Kruger moved to approve the 2010 Split Sample Lab list. Commissioner Colliton seconded the motion. Unanimously approved.

Item #8. Executive Secretary’s report.

a. Wagering Recap.

Mr. Lopez recapped the wagering by wagering period and wagering year.

b. Monthly Financial Statement.

Mr. Lopez explained the WHRC fund balance, revenues and expenditures by estimated and actuals.

c. 2009 Annual Report.

Mr. Lopez said the WHRC annual report was submitted to the Governor's office on February 25th.

d. WHRC 2009 GMAP.

Mr. Lopez submitted the annual report on Government Management Accountability and Performance (GMAP) report to update the Commission on the measurement of the progress of the WHRC priorities on safety, drug and alcohol testing, equine health and safety and licensing.

e. Agency-Request Legislation – SHB 2678.

Mr. Lopez said the agency request legislation SHB 2678 passed the legislature on March 4th and is on the Governor's schedule to be signed on March 12th.

Mr. Lopez requested approval from the Commission to send \$15,800 per race day to the Class C race meets beginning with the Sun Downs race meet in April as the new legislation mandates rather than waiting until June when the spring race meets have already run.

Chairman George moved to approve the \$15,800 per race day purse money to the Class C race meets beginning with the Sun Downs race meet in April 2010. Commissioner Kruger seconded the motion. Unanimously approved.

f. Other Legislation of Interest.

Mr. Lopez said the furlough bill requiring state agencies to furlough state employees one day per month without pay will move forward any day. Mr. Lopez said the furlough's will be made by administrative staff rather than at Emerald Downs. Mr. Lopez's hope is that without filling the Deputy Secretary position for a year and other savings, that the WHRC budget reduction requirement will sufficient without having to furlough any of the WHRC administrative employees.

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

Commissioner Kruger requested a clarification on reimbursable expenditures when a Commissioner attends any industry functions. Mr. Lopez provided Commissioner Kruger with the applicable rules.

Commissioner Kruger and Commissioner Colliton requested approval to attend the opening of the Sun Downs race meet beginning the weekend of April 3rd.

Commissioner Colliton moved for the approval for attendance at the Sun Downs meet for himself and Commissioner Kruger. Chairman George seconded the motion. Unanimously approved.

Bryson Cooper had previously attended a meeting in which he had informed the Commission of the requirement by the California Horse Racing Board (CHRB) that is to be worn, the ASTM Standard approved safety vest and helmet. He said he would return and show the Commissioners what they look like as soon as he had acquired the vest and helmet. Mr. Cooper had the vest and helmet and showed the Commissioners what is required by CHRB as safety equipment for people on horseback.

Meeting adjourned. 12:22 P.M.

Robert J. Lopez, Executive Secretary