

Washington Horse Racing Commission
Meeting Minutes
March 13, 2015

Present were: Jeff Colliton, Chairman; Paul George, Commissioner; Dr. Everett Macomber, DVM, Commissioner; Isaac Williamson, Assistant Attorney General; Doug Moore, Executive Secretary; Patty Brown, Confidential Secretary.

Item #1. Approval of the meeting minutes of February 13, 2015.

Commissioner Macomber moved to approve the minutes as submitted. Commissioner George seconded the motion with two grammatical corrections. Unanimously approved.

Item #2. Commissioner's report.

Chairman Colliton said the Washington Horse Racing Commission (WHRC) had a 1995 agreement relating to first right of refusal if Emerald Downs race track should ever to be sold. Chairman Colliton said a letter had been prepared and was read into record stating that this letter served notice that the WHRC foregoes its right of first refusal regarding the sale of Emerald Downs race track. Commissioner Macomber moved to approve the letter. Commissioner George seconded the motion. Unanimously approved. The letter was signed and a copy given to Mr. Crockett.

Chairman Colliton introduced Dr. Tricia Arnold, DVM, the new Equine Medical Director. Chairman Colliton also introduced Will Brewer the newly elected President of the Washington Thoroughbred Breeders and Owners Association (WTBOA).

Chairman Colliton welcomed everyone to the meeting and said it was the best turnout in his all his years on the Commission.

Commissioner Macomber said he had attended the Breeders Awards Banquet; he had also attended a meeting with Doug Moore and the track Veterinarians with MaryAnn O'Connell, Executive Director, Horsemen's Benevolent & Protective Association (HBPA). He has been kept busy going over new medication information.

Commissioner Colliton thanked Phil Ziegler, President, Emerald Racing LLC for encouraging everyone to attend today, including the Emerald Downs employees. He said this is a big day in Washington State, we're becoming very well known. The Emerald Downs race track facility is one of the best in the nation and the new organization is inheriting one of the best organizations around.

Item. #3. Licensing hearing-Emerald Downs Racing LLC.

Mr. Robert Lopez, former WHRC Executive Secretary conducted the investigation regarding the ownership change and related his findings regarding the investigation on the application of Emerald Racing LLC. Mr. Lopez went back and gave a little history of the original application from Northwest Racing Associates. Mr. Lopez said he reviewed the statutes regarding race track licensing, database checks through the Washington State Patrol, Association of Racing Commissioners International, and the FBI; disclosure of ownership and control regarding the asset purchase, ground lease and employment agreements. Mr. Lopez said since the facility has changed little from the original application, the facility

plans were utilized greatly. Mr. Lopez viewed financial resource information. There were no disclosures of any government actions regarding the application or race track. Mr. Lopez's conclusion were the application was in compliance with rules, all additional document requested were supplied. Mr. Lopez's recommendation request was to approve the Emerald Racing LLC application before the Commission.

Commissioner Macomber commented that he looked forward to working with Emerald Racing LLC in years ahead.

Commissioner George agreed and said he felt that the Muckleshoot Nation had made a great investment. He also commented that he felt this change would transform horse racing throughout the West. Commissioner George said he thought the Muckleshoot Nation should be commended.

Chairman Colliton asked Mr. Zeigler for comments. Mr. Ziegler thanked everyone for attending today. He said there were so many involved he's not able to name them all, but specifically thanked Mr. Crockett. Mr. Ziegler said he's thrilled to have Mr. Crockett to continue on as a consultant for them. Mr. Ziegler said Mr. Crockett's knowledge is invaluable. Mr. Ziegler said since this is happening on Friday the 13th, he joked that everyone is fired and hired right back tomorrow. Mr. Ziegler spoke about the incentives in place for the horsemen and there's one more to announce; it's a ship in program for out of state horsemen. Mr. Jack Hodge said a press release is going out today. There will be a stipend of \$400 paid to an owner's account for horses that have never previously started at Emerald Downs to help with some of the costs to get a horse here. Mr. Hodge hopes to attract new interest in Emerald Downs. Mr. Ziegler said another attraction is one for the racing fan, a big screen will be placed on the infield and this will be up and running by this summer hopefully. Bob Fraser, VP Operations, is working on that. Mr. Fraser also said they are upgrading all TVs in facility; and better technology is coming too. This will be a big difference for the fan experience and hopefully they may attend more often. It's going to be bigger and better than ever.

Chairman Colliton said the incentives will hopefully bring more folks over here from Eastern Washington to race here too; the bottom purses are pretty good; and that may be a good indication to bring more horses here. Chairman Colliton also asked about a card room in the grandstand area; he had read something about this possibility in the application.

Mr. Ziegler said they are looking at all possibilities and options for other events, card room, banquets, etc. This might be a good fit, they are looking into it, if it's financially feasible.

Public comments:

Ron Maus, President of HBPA, said he'd like to thank the Muckleshoot Indian Tribe and applaud what they've done; it's an incredible boost after several years of a down economy; Thanks to Ron and his group.

Chairman Colliton announced the Commission would retire to closed session to discuss the application before them and then reconvene to consider publically the final decision. (10:00 AM) Reconvened (10:20 AM).

Chairman Colliton moved to accept the license application as presented by Emerald Racing LLC. Commissioner George seconded the motion. Unanimously approved.

Chairman Colliton said he was looking forward to working with them.

Mr. Moore thanked Mr. Lopez for all his hard work.

BREAK (10:22 AM) Reconvened (10:30 AM)

Brief Industry Reports:

Ron Maus, President HBPA said he'd really like to thank the Muckleshoot Tribe, not for only this, but the incentives over the years. He said he felt the Tribe has recognized the economic impact on the area with the track; but the people involved with the track that are needed to keep this industry going. Strongly want to thank the Tribe for looking to the future. He said he's expecting a very good year. He mentioned that he and his wife were going to begin breeding horses again.

Will Brewer, President, WTBOA, said the board has been very active recently by changing the bylaws to change from a board to an executive committee. He was just recently elected president, Darren Paul elected 1st vice president; Ken Tollett, elected 2nd vice president were in attendance; and said that Debbie Pabst was elected treasurer. Mr. John Parker was elected as a new board member.

Mr. Brewer said the Jockey Club's report on foals, etc., had just come out with Washington showing 275 mares bred this year compared to 317 last year; in 2013 the foal count was 320, compared to 273 for 2014, down a little bit. Mr. Brewer said overall he believed that these numbers are turning around, and beginning to stabilize; a bit of an uptrend; with more optimism. Mr. Brewer has big plans in May and June to reach out to Eastern Washington by visiting the farms; get back to breeding again; the numbers matter. He said on a personal note he'd have to say that in September 1992, when Longacres closed, it was the worst day and June of 1996 Emerald Downs opening was the best day of his life. He said thank you's to Ron Crockett and Jack Hodge.

Mr. Hodge said the horse population is 44 ahead of last year on this day and a better sign is they've had 15 new applications from trainers that haven't been here before or here in years. He said there is about 105 head of horses on those applications and an additional 30 people have expressed interest from Arizona. He said they usually top out in horse population around the end of May, that'll be the important day. He said the total count for today is 690 horses.

Sophia McKee, Vice President, Marketing, said there are 160 members in the Emerald Racing Club. They haven't got a horse yet. Ms. McKee said they were taking registrations until April 1st. There are several new owners they are welcoming. Chairman Colliton said the pamphlet that was published, he'd shown around on the Eastern side of the state and it was well received. He had talked to a few who might come back into the industry.

Commissioner Macomber said he'd spoken with Mr. Hodge regarding how much the new cost incentives would help horsemen with expenses and transportation.

Item #4. ADW License Renewal - TwinSpires.

Mr. Moore presented the license renewal application stating they were in compliance and no changes had occurred that would preclude them from being approved. Mr. Moore said staff recommended approval.

Mr. Omar Amin, VP of Operations, Churchill Downs, was present to answer questions for Mr. Brad Blackwell who was unable to attend.

Commissioner Macomber asked Mr. Amin where he sees growth, going over the next year. Mr. Amin said he thought it was pretty "bullish" on the ADW side with the product offered and what the people are wanting. He didn't have any specifics, he said it was a very good product. Commissioner Macomber asked if there were any plans to change the product? Mr. Amin said they are constantly working on improvement. Mr. Crockett asked Mr. Amin to take back with him some comments about host fees. He said they are the key; if the host fees keep going up, that just doesn't pay. Mr. Crockett said they've got to stop the increases in host fees and that was the heart of it.

Commissioner George moved to approve the license renewal for TwinSpires. Commissioner Macomber seconded the motion. Unanimously approved.

Item #5. Adoption Hearings:

Mr. Moore presented the rule amendments for adoption.

- a. WAC 260-40-105 Workouts and identification (amended sections).

Mr. Moore said the changes that are being proposed because the commission does not have the authority to enforce "house rules". The current rule gives the impression that the Commission should enforce more stringent requirements made by an association. Removing the language removes that impression but does not prohibit an association from having stricter workout requirements.

Commissioner Macomber moved to adopt the amendment as submitted. Commissioner George seconded the motion. Unanimously approved.

- b. WAC 260-60-330. Claims to be in amount printed on program.

Mr. Moore said based on a study, this section appeared to be unclear, the current language could lead someone to believe the price listed on the program, to be a binding claiming price. That is not the practice, as program errors occur. The amended language makes it clear the official claiming price is listed on the entry cards.

Commissioner Macomber moved to adopt the amendment as submitted. Commissioner George seconded the motion. Unanimously approved.

- c. WAC 260-70-630 Threshold levels.

Mr. Moore said some new information has been received and is withdrawing consideration of this rule amendment at this time giving Commissioner Macomber time to look it over. Chairman Colliton so moved.

- d. WAC 260-70-680 Uniform Classification Guidelines; WAC 260-70-685 Alphabetical listing of all drugs, medication, and foreign substances; and . WAC 260-84 Penalties.

Mr. Moore proposed amendments to this section for two reasons; to move closer to the ARCI recommendations and secondly the penalties are fairer to horsemen when positive tests are discovered for recognized therapeutic medications. The penalties associated with medications are distinguished by Class 1, 2, 3, 4, & 5 substances, each carrying their own recommended penalty. While this has been the case for many years, there are many Class 3 substances that are useful therapeutic medications. By moving into the Class A, B, C, and D penalties, it doesn't look at the numeric class on a penalty, but separates the substances that are therapeutic from substances that should not be in a horse while racing.

Commissioner Macomber moved to adopt the changes to WAC 260-70-680; WAC 260-70-658; and WAC 260-84. He said he supports these changes, it gives the flexibility to stakeholders and gives them the ability to make subjective decisions on the use of medication. Commissioner George seconded the motion. Unanimously approved.

Item #6. Executive Secretary's report.

- a. Wagering Recap (February 2015).

Mr. Moore recapped the wagering for February 2015.

At the last meeting Mr. Crockett thought the takeout was high and asked Mr. Moore to research the figures. Mr. Moore said Sportech, where the WHRC receives its reports, reports figures a little differently, this is due to the breakage and settlement figures that are due to other jurisdictions. These are broken down in separate columns; we do match on the takeout, just a difference in the way they are reported.

Mr. Moore said the handle is Down 4.4% and attributed to the bad weather they've been experiencing back east and down south.

- b. Monthly Financial Statement (December 2014).

Mr. Moore recapped the revenues and expenditures. He reported the fund balance to be \$798,893.

Mr. Moore said because the fund balance is healthy, he had hired a couple more employees to assist staff and said this will have an impact on the fund balance, but are healthy enough financially at this time to do this.

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

Chairman Colliton announced the next meeting is April 17th. Hearing nothing further, the meeting was adjourned. (11:17 AM)

Doug Moore, Executive Secretary