

Washington Horse Racing Commission
Meeting Minutes
November 12, 2009

Meeting convened at 9:30 A.M. 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 October 8, 2009.

Commissioner Kruger moved to approve the meeting minutes of October 8, 2009 as submitted. Commissioner Colliton seconded the motion. Unanimously approved.

Item #2. Commissioner's reports.

Chairman George said he had watched the Breeder Cups races. Commissioner Colliton and Commissioner Kruger had nothing to report. Commissioner Hallowell said he had received his breeder award and encouraged everyone who had received owner or breeder awards to help promote the industry.

Item #3. Industry reports:

a. Emerald Downs report.

Ron Crockett, President, Northwest Racing Associates, Emerald Downs, reported that after thirty-one days of simulcasting, the revenue is 15.9 percent down and purse money generated is down 14.9 percent.

Mr. Crockett also said he had convened a meeting between Emerald Downs, the WA Thoroughbred Breeders Association (WTBA) and the WA Horsemen's Benevolent & Protective Association (WAHBPA) to offer the suggestion of consolidating the two organizations into one working space at the WTBA pavilion.

b. WA HBPA report.

Ron Maus, President, WA HBPA said he had participated in the meeting discussing consolidation of the WTBA and HBPA offices and had toured the WTBA pavilion to see the office space available. Mr. Maus said no decision had been made.

Mr. Maus said a letter had been written with Board approval, responding to an inquiry about consolidating the Commission with other gambling entities.

Mr. Maus was working on establishing an email address list of their members to be able to keep members more informed.

MaryAnn O'Connell, Executive Director, WA HBPA updated the Commission regarding the changes to the California claiming rules.

c. WTBA report.

Anne Sweet, Editor, WTBA magazine gave the monthly report for the WTBA. She said Dana Halvorson, President, was attending the sale in Kentucky and was unable to attend. Ms. Sweet said Duane Belvoir's position had been cut due to budget constraints, and the Washington Thoroughbred magazine would be stopped and replaced possibly with a monthly email newsletter. The WTBA winter sale will be held on December 6th and there were 116 horses in the catalog.

Item #4. Rulemaking – Adoption Hearings.

a. WAC 260-36-220 Industrial insurance premiums – Additional premiums for stalls and horses started; and WAC 260-36-230 Short duration industrial insurance coverage.

Mr. Lopez said the purpose of the hearing is to amend portions of two WAC sections dealing with industrial insurance premiums, both at Emerald Downs and the Class C race meets. If the Commission adopts the two amendments, they will become effective with licensing in 2010. Mr. Lopez said he filed the amendments with the Code Reviser on July 17, 2009; shared proposed language with stakeholders; and posted the proposed amendments on the WHRC webpage on October 5, 2009. The WHRC received one public comment from a concern trainer of a large stable, the number of exercise rider premiums required to be purchased. The proposed amendments were discussed at the regularly scheduled WHRC public meeting on October 8, 2009. Staff has been working with HBPA staff and they support the proposed amendments to WAC 260-36-220 and WAC 260-36-230, staff recommends approval.

Commissioner Kruger moved to adopt the amendments to WAC 260-36-220 and WAC 260-36-230. Commissioner Colliton seconded the motion. Unanimously approved.

BREAK. (10:36 A.M.) RECONVENED. (11:50 A.M.)

Item #5. Hearings Before the Commission.

a. Jim Walter Buchan WHRC 2009-016.

Hearing opened at 11:51 A.M. Chairman George introduced those present. Gordon Karg, Assistant Attorney General represented staff. Jim Walter Buchan was present and not represented by an attorney. Testimony was taken from Douglas Moore, Presiding Steward and from Mr. Buchan. It was the decision of the WHRC to continue the hearing until January 14, 2010. The WHRC gave Mr. Buchan two weeks to gather evidence to present to the WHRC for the January meeting.

Commissioner Hallowell moved to continue the hearing for Jim Walter Buchan until January 14, 2010. Commissioner Colliton seconded the motion. Commissioner Kruger amended the motion to include a two week timeframe requirement for the WHRC to receive the proof of completion of a program. Commissioner Colliton seconded the amended motion. Unanimously approved. Hearing recessed at 11:24 A.M., to reconvene on January 14, 2010. (Hearing was later rescheduled to February 11, 2010 – See Item #7 below.)

b. Russ Riley WHRC 2009-017.

Hearing opened at 11:25 A.M. Chairman George introduced those present. Gordon Karg, Assistant Attorney General represented staff. Russ Riley was present and not represented by an attorney. Testimony was taken from Douglas Moore, Presiding Steward, WHRC and from Mr. Riley and on behalf of Mr. Riley, Jeff Vens, trainer, Mr. Riley's employer.

It was the decision of the WHRC to grant Mr. Riley a license on the condition that he have no convictions and no rulings against him or his license will be permanently revoked.

Hearing closed at 11:54 A.M.

Item #6. Executive Secretary's report.

a. Consolidation study.

Mr. Lopez reported on the progress of the study being conducted by the Office of Financial Management to consolidate the Lottery Commission, Horse Racing Commission, Liquor Control Board and the Gambling Commission.

Mr. Ron Crockett, President, Emerald Downs and Mr. Ron Maus, President, WA HBPA both submitted letters to Financial Management in non-support of the proposal to consolidate the Horse Racing Commission with the other entities.

b. 2010 Agency Request Legislation.

Mr. Lopez reported on the progress of the agency request legislation to cap the purse money for the Class C race meets on a per-race day basis rather than distributing \$300,000 between the four race meet associations.

Mr. Lopez discussed the reason to pull the agency request legislation regarding a change in the way the fees are collected for industrial insurance coverage.

c. Benton County Fairgrounds.

Mr. Lopez said he was notified that the Benton County Commissioners were expressing a desire to sell the county fairgrounds to an association that is currently operating the fairgrounds by contract. The WHRC has drafted a letter for the Commissioners to sign and be sent to the Benton County Commissioners which explains the importance of the horse racing meet in the

Tri-City area and show support for the Tri City Horse Racing Association's race meet conducted each spring and the positive economic impact to the local community and the rest of eastern Washington.

d. Washington-bred Owner's Bonus & Breeder Awards for 2009.

Mr. Lopez said the owner's bonus award checks were mailed on November 3rd and totaled \$655,802.92 to 389 recipients with a Washington bred horse placing first, second, third or fourth; the Washington Bred Breeder bonus award checks were mailed on November 5th and totaled \$617,719.90 to 270 recipients qualifying by finishing first, second or third.

e. Accountant's recap.

Mr. Lopez provided a breakdown of the wagering for Emerald Downs showing revenues down 15.58% by wagering month and wagering year comparison between 2008/2009.

f. Monthly financial statement.

Mr. Lopez explained the WHRC revenues estimates to actuals and charges. Mr. Lopez noted the WHRC fund balance has dropped below \$500,000.

g. End of Meet Report (Emerald Downs).

Mr. Doug Moore said this was an uneventful meet and asked if the Commissioners had any questions. Commissioner Hallowell asked Mr. Moore to explain the term late scratch.

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

Mr. Lopez said that Gordon Karg, Assistant Attorney General would not be available for the January 14, 2010 hearing rescheduled for Mr. Buchan and said the earliest he could be scheduled would be the February 11, 2010 meeting.

Meeting adjourned. (12:45 P.M.)

Robert J. Lopez, Executive Secretary